

An aerial photograph of a city and a river. In the foreground, a large steel truss bridge spans across a wide river. The city is visible in the middle ground, with various buildings and a railway line. In the background, there are rolling hills and mountains under a blue sky with scattered clouds.

PURPA Ratemaking Standard-Setting Public Hearing Date

September 5, 2023

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Customer Energy Solutions**

Agenda

- Background
- Staff recommendation and discussion of standards
- Outreach plan
- Next Steps

Background

- Under the federal Public Utility Regulatory Policy Act of 1978 (PURPA), as amended on November 15, 2021, as part of the 2021 Infrastructure Investment and Jobs Act, Public Utility District No. 1 of Chelan County (Chelan PUD) must begin consideration of ratemaking standards for demand-response and for electric vehicle charging programs
 - Chelan PUD initiated consideration on October 17, 2022
- A determination on adopting standards must be made by Nov. 15, 2023.

We Have Done This Before

PURPA 1978	EPAct 1992	EPAct 2005	EISA 2007
Cost of Service	Integrated Resource Planning	Net Metering	Integrated Resource Planning (Energy Efficiency)
Declining Block rates	Investments in Conservation and Demand Management	Fuel Sources	Rate Design Modifications to Promote Energy Efficiency Investments
Time-of-day Rates	Energy Efficiency Investments in Power Generation and Supply	Fossil Fuel Generation Efficiency	Consideration of Smart Grid Investments
Seasonal Rates	Effects of Wholesale Power Purchases on Utility Cost of Capital; Effects of Leveraged Capital Structures on the Reliability of Wholesale Power Sellers; and Assurance of Adequate Fuel Supplies	Time-based Metering and Communications	Smart Grid Information
Interruptible Rates		Interconnection	
Load Management Techniques			

Electric Vehicle Standard

Electric Vehicle (EV) Charging Programs;

- Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that—
 - (A) promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
 - (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;
 - (C) accelerate third-party investment in electric vehicle charging for light-medium-, and heavy-duty vehicles; and
 - (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.”

Demand Response Standard

Demand-Response (DR) Practices:

- (A) In GENERAL

- Each electric utility shall promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

- (B) Rate Recovery

- Nonregulated Electric Utility - A nonregulated electric utility may establish rate mechanisms for the timely recovery of the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

Staff Recommendation

- Staff recommends that adopting the new standards identified in the 2021 IJA is not in the best interest of customer-owners
- Not adopting the standards does not prevent the Board from acting on them at a later date
- By not adopting now, the Board retains flexibility to consider standards in the future when staff learns more

Discussion of Standards-EV

“(A) promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;”

- Chelan PUD’s low electric rates already provide affordable and equitable charging options. Charging at home costs \$.30/gallon equivalent.
- Chelan PUD is participating in the WA State Clean Fuels program which will provide non-ratepayer funding for projects and programs that support charging options.

“(B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;”

- Chelan PUD has upgraded it’s website to assist customers with EV related questions. <https://www.chelanpud.org/environment/electric-vehicles>

Discussion of Standards-EV

- Reducing charging times is primarily accomplished by installing direct current fast chargers
 - There are several companies that offer fast charging services in Chelan County (with two more locations in consideration)
 - Several auto manufactures have announced their vehicles will use the leading car charging net-work in the near future
 - Chelan PUD's DC fast-charging rate supports expansion of services by companies by providing sustainable and predictable rates
 - Staff does not believe directly competing in this market space is in the best interest of Chelan PUD customers
 - Data shows that current fast chargers are not fully utilized
 - DC fast charging rate provides District with \$.10-\$.12/kWh revenue without the O&M costs

Discussion of Standards-EV

(C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles

- Participating in the Washington Clean Fuels program may provide an opportunity to support customers wanting to invest in vehicle electrification infrastructure

(D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure

- Chelan PUD implemented a DC fast charging rate in 2022 that appropriately recovers the additional impacts of adding DC fast chargers to Chelan PUD electrical system
- Staff is assessing managed charging options that could help customers reduce peak loads

Discussion of Standards-DR

A) In GENERAL – Each electric utility shall promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

- Chelan PUD already has the authority to promote demand response activities
- Staff are currently evaluating demand response and demand flexibility practices and programs. Voluntary programs will be made available to customers as they make economic sense.

B) Rate Recovery, (ii) Nonregulated Electric Utility - A nonregulated electric utility may establish rate mechanisms for the timely recovery of the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

- This rate recovery standard is not applicable unless the standard requiring promotion of DR is adopted.
- The District currently offers a time-of-use rate for our Schedule 30 industrial customers. If it makes economic sense, the District can consider offering alternative rate mechanisms in the future to the rest of our customers.

Conclusion

- Not adopting the standards does not hinder the Boards ability to implement any or all the actions identified in the 2021 IJA
- Not adopting the standards provides the Board with flexibility to make decisions based on information and timelines that make sense for the District's customer owners

Proposed Outreach Plan



- Sept. 5: Preview of staff recommendation, discussion of IJJA PURPA standard consideration, and set public hearing date
- Sept. 5 to Sept. 18: Public Notice and Comment Period on PURPA standard consideration
- Sept. 18: Public Hearing
- Oct. 2: Resolution presented to the Board for consideration

Questions?