PURPA Ratemaking Standard

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Why we are here

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 must begin consideration of ratemaking standards for demand-response and for electric vehicle charging programs.

We are formally initiating consideration with this presentation

P.U.D.
CHELAN COUNTY

What is PURPA 111(d)?

Title I – Public Utility Regulatory Policy Act (PURPA) of 1978

- Purpose: Encouragement of investments in conservation and efficient use of facilities by electric utilities and equitable rates to electric customers
- Codified at **16 U.S.C. 2621 – Consideration and determination respecting certain ratemaking standards**
  - *"Each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility* ***shall consider*** *each standard established by subsection (d) and* ***make a determination concerning whether or not it is appropriate to implement such standard to carry out the purposes of this chapter.*** *For purposes of such consideration and determination in accordance with subsections (b) and (c), and for purposes of any review of such consideration and determination in any court in accordance with section 2633 of this title, the purposes of this chapter supplement otherwise applicable State law.* ***Nothing in this subsection prohibits any State regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard, pursuant to its authority under otherwise applicable State law."***

PURPA 111(d) Standards Previously Considered by the Board

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			

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What is new to the IIJA?

- The 2021 Infrastructure Investment and Jobs Act requires non-regulated cooperatives, utilities and state regulators (for regulated utilities) ***to consider*** adopting standards on **promoting greater transportation electrification (Sec. 40431)** and **utility demand response (Sec. 40104).**

New PURPA 111(d) Standards under IIJA

Demand-Response 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

  (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)."

New PURPA 111(d) Standards under IIJA

- **Electric vehicle 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."

Staff Actions in Support of Consideration of new PURPA standards

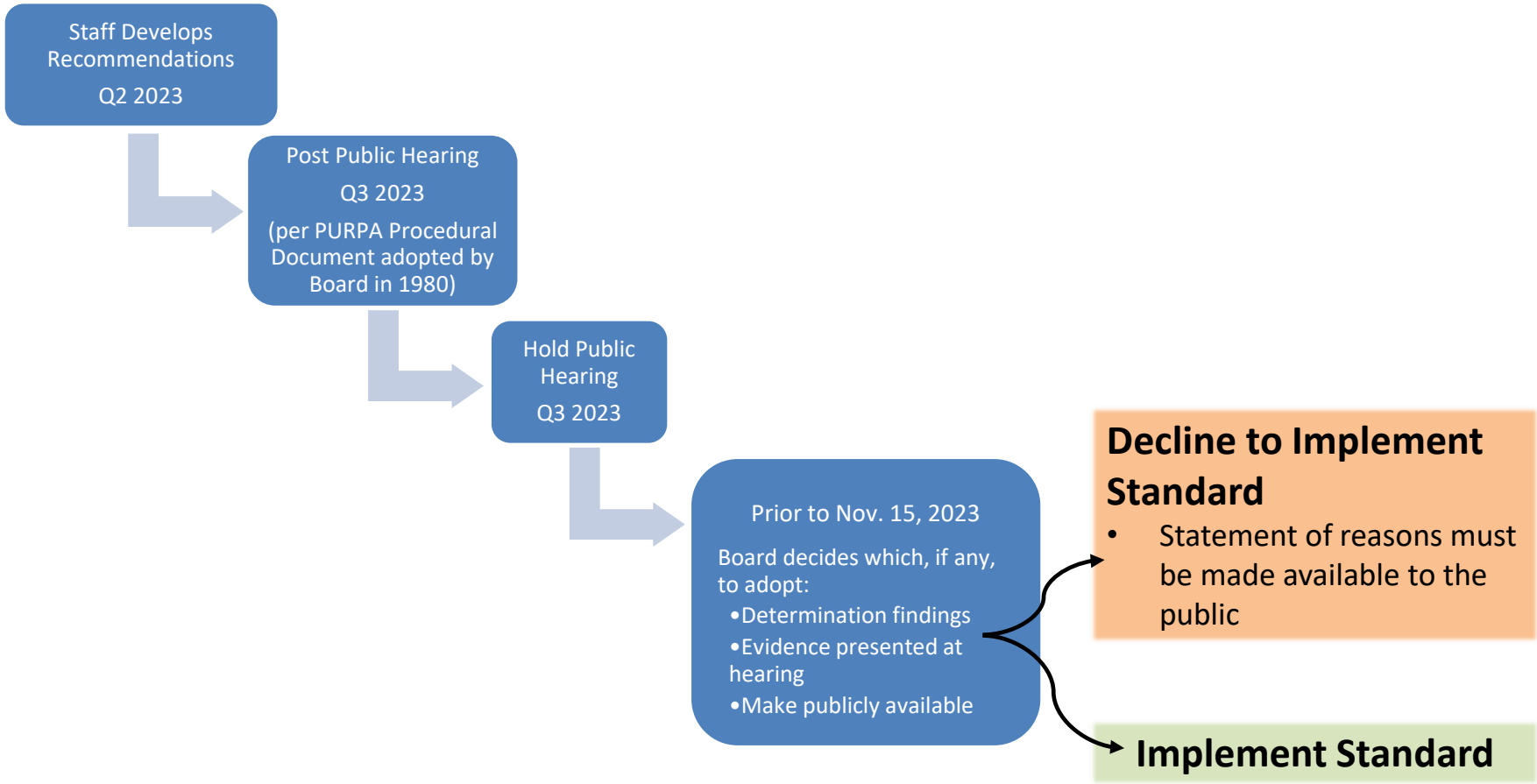
1. Developed a business case and road map for demand response activities

DR Program Option	Description	Class	Technology	*Technology Cost Assumption*	Technology Cost	*Customer Savings Assumption*	Savings per customer (kW)	*Customer Incentive Assumption*	*Customer Participation Assumption*	Customer Participation	Events per Year	Duration of Event	Time to Implement	IT Integration
EV Chargers - Managed Charging via TOU rate	point of charging during peaks to influence customers to charge outside of peak hours.	Both	Yes	Low	$0	Medium	0.04	Medium	High	500	Continuous Impact	Continuous Impact	24 months	Billing System Changes
EV Chargers - Managed Charging via Utility Control Signals	Utility ramps down or pauses EV charging during events for enrolled customers	Residential	Yes	Low	$0	Medium	0.6	Medium	Medium	250	10 to 15	up to 5 hours	24 months	Yes - system head end for dispatch and control
Water Heater Control Program (Winter)	Utility controls the set point of water heat or pre-heats water during events	Residential	Yes	Medium	$188	Medium	0.4	Medium	Low	2500	10	up to 5 hours	6 months	Yes - system head end for dispatch and control
Energy Storage - Utility Owned Shared Services Model	Chelan can provide customers with an energy storage systems. Can explore fully funded or split funding	Residential	Yes	Low	Dependent on size and model	Medium	TBD: Varies based on size of unit	Medium	Low	5000	10	up to 5 hours	24 months	Yes - system head end for dispatch and control
Voluntary Load Curtailment	Customers are paid at a $/kW contracted amount for the right to lower / interrupt service during system emergencies for a set kW value	Commercial & Industrial	Not necessary but can be helpful for customers to understand their operations and ability to meet kW	Low	$0	Medium	TBD: Varies based on customer participation and program design	Medium	High	15000	10	up to 5 hours	Upon Rate Implementation	Billing System Changes
Energy Storage - Customer Owned BYOD	Customers with existing storage systems can enroll in a utility program that pays an incentive for participation	Commercial & Industrial	Yes	Low	$0	Medium	TBD: Varies based on size of unit	Medium	Medium	10000	10	up to 5 hours	24 months	Yes - system head end for dispatch and control

2. Updated a transportation electrification strategy to be presented to the Board on November 21

These actions will help staff to provide a recommendations to the Board on the consideration of new PURPA standards

Before November 15, 2023
Board must decide to adopt or not.



Questions?