

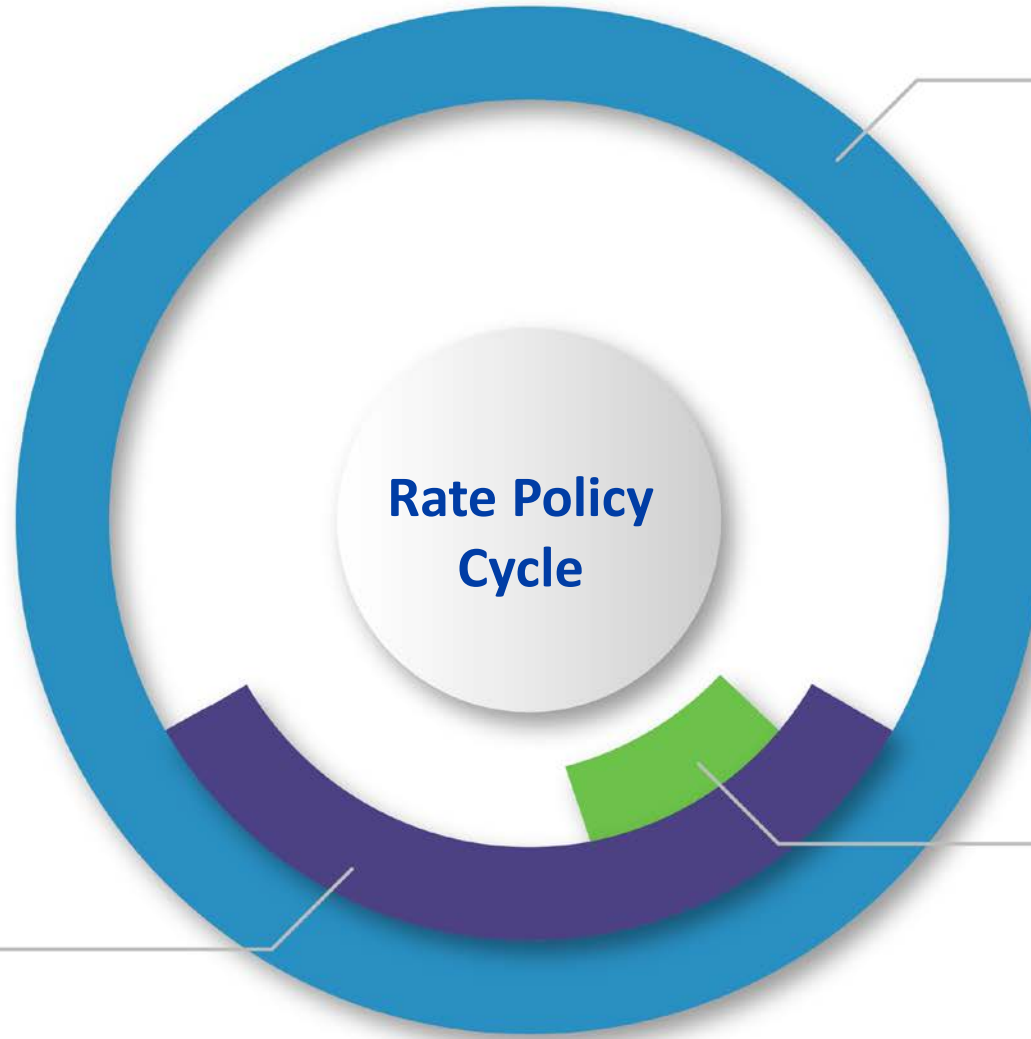


# 2023 Rate Plan

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# Rate Policy Cycle



Rate Policy Cycle

## EVERY YEAR

### Rate Plan

- Presented to both the Rates Committee and the Board of Directors
- Recommendations for upcoming year

## EVERY 3 YEARS

### Cost of Service Study

- All rates, fees and allowances reviewed
- Due to complete new study in 2023

## EVERY QUARTER

### Board of Directors Report

- Implementation of the Rate Plan
- Reserve balances
- Revenue recovery
- Rate competitiveness

# Rate Policy Cycle

## 2023 Cost of Service Study

### Background

- The Rate Policy requires a Cost-of-Service Study every three-year, the results of which inform the rate plans for the coming years

### Scope

- Evaluate cost recovery for all tariffed rate schedules and programs, including fees and billing discounts

### Timeline

Q4 2022 – Release and Award RFP

Q1 2023 – Project start Begin work

Q3 2023 – Project Completion

# 2023 Annual Rate Updates

**Items that are reviewed each year to ensure proper cost recovery.**

**Updates will be brought to the Board of Directors for consideration.**

# 2023 Annual Rate Updates

## 1. Sustainable Power Credit Rate

### Background

- All Members with distributed generation (DG) less than 50 kW receive the Sustainable Power Credit for all surplus generation delivered to PEC's distribution system
- The Sustainable Power Credit is calculated from the 3-year average avoided cost of the following:
  - Energy Cost
  - Ancillary Service Cost
  - Transmission Cost
  - Other if applicable
- Every year we will update the rate by including the most recent 3 years

Updated rate will be brought to the Board for consideration at the December Board meeting

# 2023 Annual Rate Updates

## 2. Industrial Distribution Cost Recovery

### Background

- Each year, we review the distribution rate for Industrial Power members to ensure full cost recovery of dedicated distribution and substation assets, and corresponding O&M
- All other aspects of the Industrial Rate are direct pass-through monthly

Updated rate will be brought to the Board for consideration at the December Board meeting

# 2023 Rate items for Consideration

# 2023 Rate Items for Consideration

## 1. **Cost recovery for Non-Standard Facilities requiring reserved capacity**

### Background

- Currently, we have 10 members with Automatic Transfer Switches that require reserved capacity on a second feeder.
- These require a secondary feeder on stand-by with capacity in case the ATS is triggered
- System Planning reserves capacity on both the primary and secondary feeders in planning studies
- The current Large Power Delivery Charge (Distribution wires charge) does not recover the cost to reserve capacity on the secondary feeder.
- Based on current load growth, we expect to add 1 to 2 members a year with dual feed requirement



# 2023 Rate Items for Consideration

## 1. Cost recovery for Non-Standard Facilities requiring reserved capacity

### Example: Automatic Transfer Switch (ATS)

A building cannot be connected to both the primary feeder and backup feeder at the same time. The ATS is used to switch electrical energy between feeders quickly and safely.



# 2023 Rate Items for Consideration

## 1. **Cost recovery for Non-Standard Facilities requiring reserved capacity**

### Recommendation

- Establish a new rate to recover cost for non-standard facilities requiring reserved capacity
- Bring to Board for consideration in December as a draft and January for approval

# 2023 Rate Items for Consideration

## 2. Introduce a Solar Renewable Energy Rider Program

### Background

- Current Renewable Energy Rider Rate was introduced in 2016 to give members the option to purchase 100% of their energy from a renewable source.
- Members have directly requested a solar Renewable Energy Credit (REC) product that ensures the energy purchased is generated by solar resources.
- As of August 31<sup>st</sup>, there are 902 Members enrolled in the Renewable Energy Rider

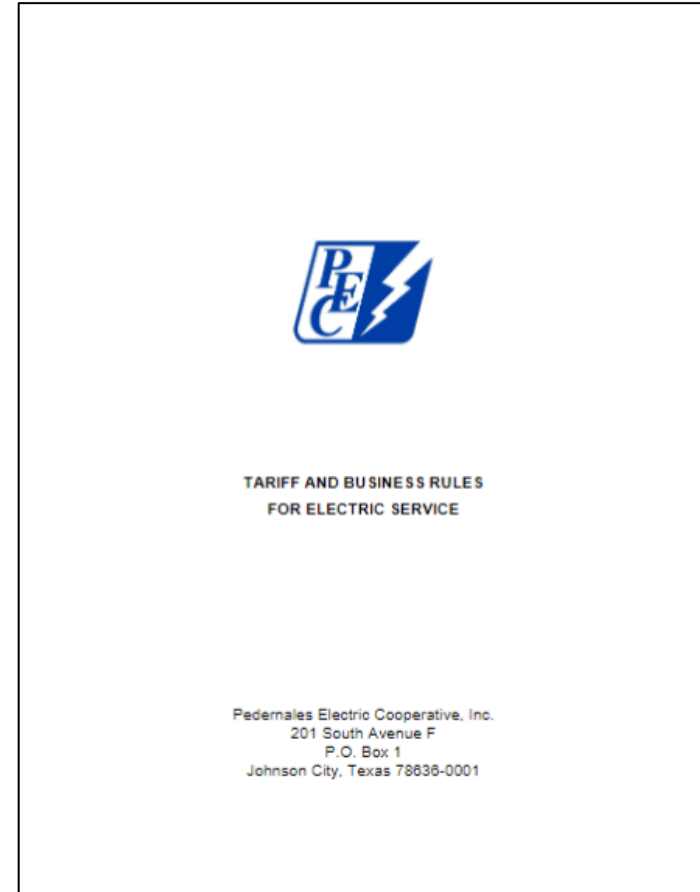
### Recommendation

- Bring to Board for consideration in December as a draft and January for approval

# Rate Plan Items for Consideration – Tariff Changes

Each item in the approved version of the 2023 Rate Plan will be brought to the Board for consideration to Amend the Cooperative's Tariff and Business Rules.

- Draft in December 2022
- Final in January 2023



# PEC Helpful Links and Rate Contact Information

## PEC Document Center

- Includes Rate Policy, Cost of Service Studies, recent rate related Board items
  - <https://www.pec.coop/about-us/your-cooperative/document-center/>

## PEC Rate Inquiry email addresses

- All Rate related questions - [Rateinquiry@peci.com](mailto:Rateinquiry@peci.com)
- Distributed Generation Rate specific questions - [DGinquiry@peci.com](mailto:DGinquiry@peci.com)
- Time-of-Use specific questions - [TOUinquiry@peci.com](mailto:TOUinquiry@peci.com)



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