



# Consideration of Public Utility Regulatory Policies Act (PURPA) Amendments

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# Overview

- The PEC Board of Directors has exclusive jurisdiction to set all terms of access, conditions, and rates applicable to the services provided by the Cooperative other than as provided by Texas state law
- The federal Public Utility Regulatory Policies Act of 1978 (PURPA) as amended in 2005, 2007, and 2021 requires that nonregulated entities, which includes PEC, consider and determine whether to implement ratemaking standards adopted in PURPA (16 USC 2621)
- The Cooperative previously considered and adopted resolutions in 2007, 2009, and 2019 after considering the ratemaking standards in PURPA 16 USC Section 2621 and its amendments
- PURPA was amended in 2021 and added two new standards for consideration
- Under PURPA, PEC is required to consider these two standards by **November 15, 2023** (16 USC 2622)
- Additionally, PURPA requires PEC to allow members to intervene and participate in any proceeding (16 USC 2631)

# 2021 PURPA Amendment Consideration

## Section 2621(d)(20)—Demand Response

### **16 U.S. Code §2621(d)**

#### **(20) 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**

###### **(i) In general**

Each State regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the State regulatory authority has ratemaking authority to timely recover the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

###### **(ii) Nonregulated electric utilities**

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).

# 2021 PURPA Amendment Consideration

## PEC draft position on PURPA Amendment - (20) Demand-response practices

- The Cooperative has considered and determined it is appropriate to continue with already implemented programs that promote **demand response practices** in the standard established in PURPA (16 USC 2621 (d)(20))
- The PEC Board considered and established several programs that are in alignment with the Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
  - Examples include the implemented
    - Time of Use Rates in February 2018
    - Demand-based rates for transmission costs for the Large Power Rate Class in 2021
    - Demand-based rates for distribution costs for the Large Power Rate Class in 2021
    - Voluntary demand response program Power Rush Hour that started in 2011 as Beat the Peak and was rebranded to Power Rush Hour in 2017
- This does not preclude PEC from adopting demand response programs in the future that are beneficial to the membership

# 2021 PURPA Amendment Consideration

## Section 2621(d)(20)—Electric Vehicle Charging Programs

### **16 U.S. Code §2621(d)**

#### **(21) 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.

# 2021 PURPA Amendment Consideration

## **PEC draft position on PURPA Amendment - (21) Electric Vehicle Charging Programs**

- PEC's obligation to consider this standard arises from 16 USC 2621(a) which requires “. . . each nonregulated electric utility [to] 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.”
- 16 USC 2621(d)(21), however, directs each “State” to consider this standard which pertains to electric vehicle charging programs. “Nonregulated electric utilities” are not addressed in this section.
- PEC has considered section (d)(21) and determined that because this standard is addressed to the State, and not nonregulated electric utilities, it is not appropriate for PEC to implement 16 USC 2621(d)(21)

# Public Notice for Member Comments

- PURPA requires PEC to allow members to intervene and participate in any proceeding (16 USC 2631)
- PEC has accomplished this notice through posting its consideration of the new PURPA provisions in its agenda and accepting member comments during the open session of its Board Meeting

# Resources

Rate Questions or Comments for PEC – [RateInquiry@peci.com](mailto:RateInquiry@peci.com)

**16 USC 2621: Consideration and determination respecting certain ratemaking standards**

- [https://uscode.house.gov/view.xhtml?req=\(title:16%20section:2621%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:16%20section:2621%20edition:prelim))

**16 USC 2622: Obligations to consider and determine**

- [https://uscode.house.gov/view.xhtml?req=\(title:16%20section:2622%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:16%20section:2622%20edition:prelim))

**16 USC 2631: Intervention in proceedings**

- [https://uscode.house.gov/view.xhtml?req=\(title:16%20section:2631%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:16%20section:2631%20edition:prelim))





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