



Economic Development Rate for New Commercial & Industrial Electric Load

Natalia Mack, Rates and Pricing Manager

March 20, 2017

Lower Colorado River Authority's (LCRA) Economic Development Discount

- In May 2016, the LCRA's Board approved the Economic Development Discount (EDD) to provide economic stimulus by incentivizing new jobs, customers, and an increase in the tax base within the LCRA service territory.
- Program Concept:
 - Short-term wholesale electric rate discount to new load additions.
 - Coordinated effort with wholesale electric customers, communities and local governments, and businesses to deliver economic development opportunities.
- Discount is a pass-through from the LCRA, benefiting recipient without increasing cost to PEC's membership or affecting PEC's margins.



Program Guidelines

Member Type: Large power and Industrial

Service: New load within the LCRA territory, not currently served by an LCRA customer

Participation requirements:

- A minimum annual usage of 2,200,000 kWh, served by the LCRA
- A five year service agreement
- Must be a new business or facility expansion (new site)
- Must receive local economic development assistance



The LCRA's Economic Development Discount Program is a pass-through rate, therefore will not impact PEC's net margins or cash flow.

- No cross-subsidization
- Encourage economic development
- Provide economic stimulus
- Increase the competitiveness of communities in their economic development pursuits within the LCRA service territory.
- Helps lower LCRA power rates

Positive Economic Impact



Potential Savings to Qualifying Members

Sample Facility	Annual Energy Usage	Demand	Estimated Annual Savings*
Large Retail	3,000,000 kWh	342 kW	\$ (18,000)
Medium Industrial	10,000,000 kWh	1,141 kW	\$ (60,500)
Large Industrial	160,000,000 kWh	18,252 kW	\$ (968,000)

**Estimated annual savings of
approximately 8% of total electric cost.**

*Estimated savings based on preliminary program design and 100% load factor, actual savings may vary





pec.coop