



# Approval to Amend Tariff and Business Rules – Interconnected Generation

Natalia Mack | Rates Manager

David L. Thompson | VP of Markets

# Interconnect Process, Fees, and Rates

## BACKGROUND

- In April 2016 and March 2017, the Board approved interconnection rates for systems 50 kW and under and greater than 50 kW AC.
- At inception, limitations in the billing system, metering software, and infrastructure prevented PEC from implementing the ideal rate design ensuring adequate cost recovery.
- The growth of interconnections in our system is significant.

|                          | Total number of interconnections | Installed capacity, MW |
|--------------------------|----------------------------------|------------------------|
| <b>Cumulative Totals</b> | 4,443                            | 31.05                  |
| <b>During 2019</b>       | 1277                             | 10.20                  |
| <b>During 2020</b>       | 816                              | 6.38                   |

# Interconnect Process, Fees, and Rates

## REASON

- Currently, new Members applying for interconnected distributed generation do not pay for the cost incurred during the process.
- The 2020 Cost of Service Study shows that the Cooperative is under-collecting from current Members on interconnection rates due mostly to the structure of the collected rate that maintains the distribution system.
- As a result, there is a significant and growing cross-subsidization from:
  - (1) the cost to establish an interconnection, and
  - (2) the cost to serve power and maintain the distribution system
- All recommendations are considered common utility practice and align with cost causation per 2020 Cost of Service Study.

# Interconnect Process, Fees, and Rates

## FEE CHANGES

|   |           |       |
|---|-----------|-------|
| <b>Distributed Generation Interconnection, 50 kW and under</b>    |           |       |
| Application Fee   | \$ 250.00 | 600.6 |
| Interconnection Fee   | \$ 400.00 | 600.6 |
| <b>Distributed Generation Interconnection, greater than 50 kW</b> |           |       |
| Application Fee   | \$ 150.00 | 600.6 |
| Engineering Study   | At cost   | 600.6 |
| Interconnection Fee   | \$ 250.00 | 600.6 |
| Distributed Generation Interconnection Transfer Fee               | \$ 150.00 | 600.6 |

# Interconnect Process, Fees, and Rates

## RATE CHANGES

- **Service Availability Charge** – per the applicable rate schedule.
- **Base Power Charge** – Net metering will change from a flat basis to a Time of Use (TOU) basis, allowing Members to be compensated at PEC's avoided cost for the Received Energy, and in alignment with cost causation.
- **Distribution Charge** – the Delivery charge will be replaced by the Capacity Demand charge, changing cost recovery from an energy basis (kWh) to a demand basis (kW) and in alignment with cost causation.
- **Transmission Cost of Service Charge** – TCOS cost recovery will be changed from an energy basis (kWh) to a demand basis (kW) per the Member's 4CP contribution and in alignment with cost causation.

# Interconnect Process, Fees, and Rates

## OTHER CHANGES

- Rewrote the Interconnect Application and Agreement
  - Simplified some language
  - Updated needed fields
  - Added space to include battery systems
  - Formatted to match current Tariff

# Interconnect Process, Fees, and Rates

## **TARIFF AMENDMENTS**

- New definitions, Section 100
- Clarification to Line Extension, Section 400.14
- Rates (charges, rate schedules, and fees), Section 500
- Interconnect Policy, Section 600
- Interconnect Agreement, Section 700.7
- Interconnect Agreement, Section 700.8

## **EFFECTIVE**

Forms and Fee Changes – Effective upon Board approval

Rate Changes – Effective January 1, 2022



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