



Approval to Amend Tariff and Business Rules – Interconnected Generation

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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
Cumulative Totals	4,443	31.05
During 2019	1277	10.20
During 2020	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

FEE	AMOUNT	SECTION
Distributed Generation Interconnection, 50 kW and under		
Application Fee	\$ 250.00	600.6
Interconnection Fee	\$ 400.00	600.6
Distributed Generation Interconnection, greater than 50 kW		
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 – Effective on Board Approval
- Clarification to Line Extension, Section 400.14 – Effective on Board Approval
- Interconnect Policy, Section 600 – Effective on Board Approval
- Interconnect Agreement, Section 700.7 – Effective on Board Approval
- Interconnect Agreement, Section 700.8 – Effective on Board Approval
- Rates (charges, rate schedules, and fees), Section 500 – Effective January 1, 2022
 - Language will be placed in a blue box with effective date shown in Tariff

EFFECTIVE

Forms and Fee Changes – Effective upon Board approval

Rate Changes – Effective January 1, 2022



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