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Public Utility Regulatory Policies Act (PURPA) Standards Consideration Process Update

NPPD Board of Directors
President's Report
June 2023

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Background

- PURPA was initially implemented in 1978 to encourage, among other things, conservation of electric energy, increased efficiency of electric resources and equitable retail rates for electric consumers
- PURPA has been amended periodically to require qualifying utilities to consider new standards
- NPPD was last obligated to consider new PURPA standards in 2007-2009
 - Energy Policy Act of 2005 (EPA) added 5 new standards
 - Energy Independence and Security Act of 2007 (EISA) added 4 new standards
- Standards are in relation to Retail Service (not wholesale)

The Infrastructure Investment and Jobs Act of 2021 (IIJA)

- Added two (2) new federal standards to PURPA for utilities to consider and determine whether or not to adopt the standards by 11/15/23
 1. Demand Response Practices
 2. Electric Vehicle (EV) Charging Programs
- Utilities with total annual retail sales greater than 500,000 MWh are required under PURPA to consider these standards
 - NPPD retail sales in 2022 were slightly more than 4 million MWhs
 - Public notice and a hearing is required
 - Determination must be in writing, based on the findings and evidence presented at the hearing, and be available to the public
 - A utility may adopt the standard as written, adopt a modified standard, or reject the standard
 - NPPD adopted modified standards that were added pursuant to the EPA of 2005 and the EISA of 2007

Approach to Consider New PURPA Standards

- Plan to follow the same approach used in the past when considering the 2 new PURPA standards created under the IJA
- Formally began consideration process with Board action item in October 2022
- Following Board action, a multi-step process has begun that will culminate with Board consideration on whether to adopt the standards, adopt modified standards or reject the standards and the steps include:
 - Analysis of the standards and development of management reports in response
 - Communication with NPPD Retail Customers and the public
 - Public Hearing to share NPPD's recommended response to the standards and to receive input from the public

1. 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.

Initial Proposal/Recommendations-Demand Response Practices

- NPPD has a history of offering rates that promote demand response for residential, commercial, industrial and irrigation rate classes including:
 - Time-of-Use Rates
 - Residential, Industrial, and Irrigation
 - Demand Waiver Program
 - Off-Peak Service
 - Interruptible Service
 - Commercial, Industrial, and Irrigation
 - Interruptible Market-Based Rate
 - Demand Response Resource Program

Preliminary Recommendation: Adopt a modified standard to continue to evaluate opportunities to develop programs and rate designs that encourage Demand Response Practices

2. 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.

Initial Proposal/Recommendations-Electric Vehicle (EV) Charging Programs

- NPPD has initiated the following activities to promote the greater electrification of the transportation sector:
 - Residential - Provided incentives for Level 2 chargers and for installation of wiring for EV chargers in existing and new dwellings
 - Commercial - Provided incentives for Level 2 and Level 3 (DC fast chargers) EV chargers and incentives for wiring for EV chargers
 - Installed and/or plans to install six Level 3 chargers across greater Nebraska by the end of 2023, helping to provide EV charging throughout the state
 - Provided incentives for five Level 3 chargers across our service territory
 - Developed a Residential Time-of-Use rate that includes a Super Off-Peak period that incentivizes EV charging during low-cost hours
 - Developed Commercial rates based only on energy and do not include demand charges which encourages the use and installation of Level 3 chargers

Preliminary Recommendation: Adopt a modified standard to continue to evaluate opportunities to encourage the installation of additional charging infrastructure and develop programs and rate designs that promote the electrification of the transportation sector

Schedule for Review Process

- October 2022
 - Board agenda item to begin consideration process
- June 2023
 - Review draft management reports with the Board
 - Establish date for public hearing
- June-September 2023
 - Provide information to public and gather input regarding the Standard
 - “Currents” article included in customer bills for June
 - Post management reports on nppd.com
 - Message sent to retail customers on their bill
 - Press Release promoting public hearing
 - Social Media Posts regarding date for public hearing and information about the standards
- October 12, 2023
 - Conduct public hearing
- November 9, 2023
 - Board agenda item for final determination on standards (required by 11/15/23)



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Questions

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