

# Electric Cooperative Perspective

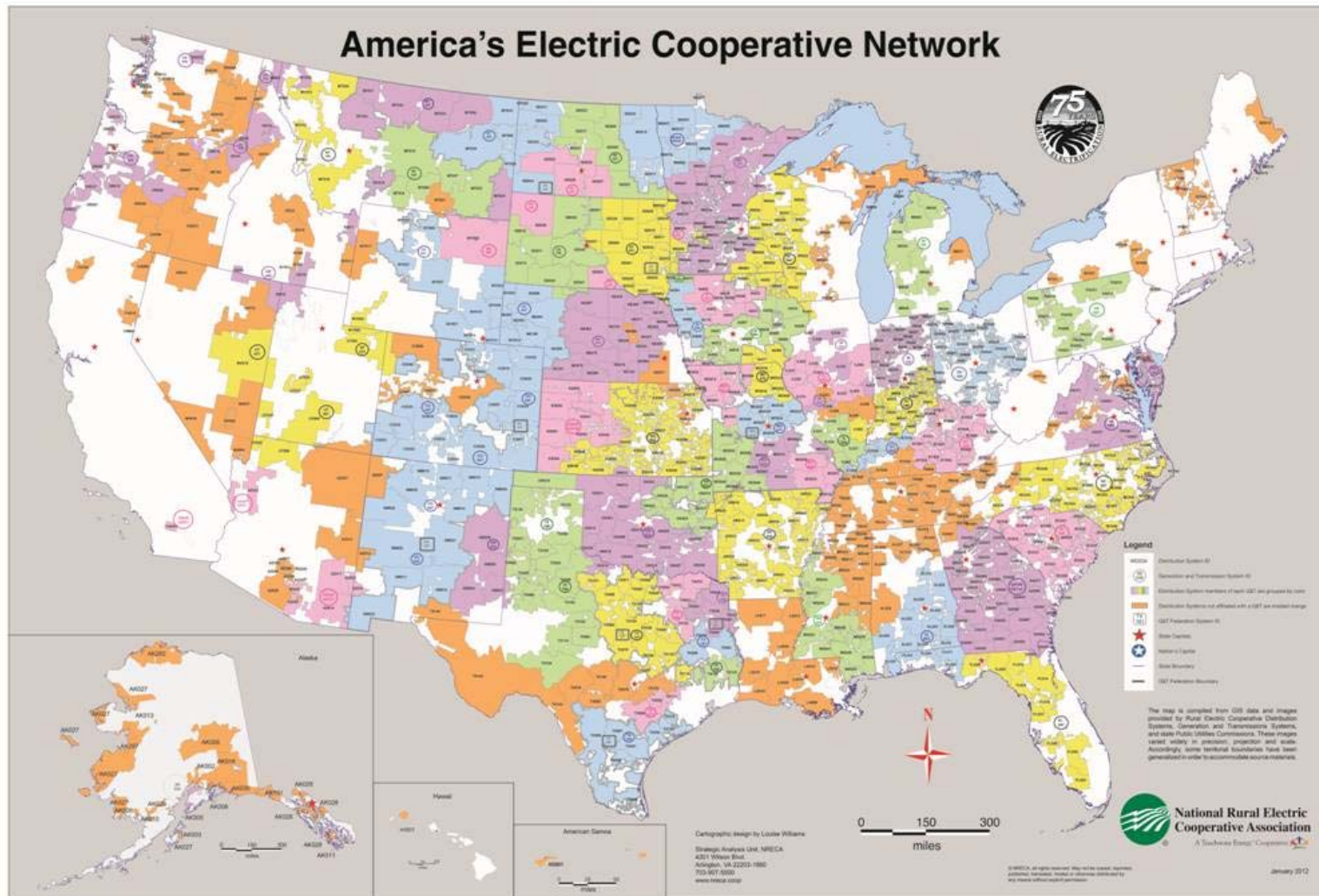
2017 Spring Conference – Nashville – April 3  
Rates Interest Group

Allison Hamilton

Senior Principal, Markets and Rates  
Business and Technology Strategies

## NRECA Overview

- Not-for-profit, national service organization representing over 900 not-for-profit, member-owned, rural electric cooperative systems.
- Serve 42 million customers in 47 states. NRECA estimates that cooperatives own and maintain 2.5 million miles or 42 percent of the nation's electric distribution lines covering three-quarters of the nation's landmass.
- Cooperatives serve approximately 18 million businesses, homes, farms, schools and other establishments in 2,500 of the nation's 3,141 counties.



February 2012

© NRECA, all rights reserved. May not be copied, reprinted, published, translated, hosted or otherwise distributed by any means without explicit permission.

## Co-ops and Advanced Metering

- NRECA's distribution members report that over 89% of installed meters are AMI/AMR (34% and 55% respectively).
- This compares to about a 75% penetration rate of AMI/AMR meters nationwide (32% and 43% respectively).

*Source: EIA 860 2015*

## Co-ops and DR

- Over 60% of NRECA's distribution members offer demand response programs including:
- Time based rates (30% of co-ops offer these)
- Interruptible contracts (27% of co-ops)
- Control over water heaters (28%)
- Control over HVAC or other appliances (23%)
- Control over irrigation loads (22%)
- Energy Storage, including thermal storage (18%)
- Market-based contracts (7%)

## Co-ops and DR

- Almost two-thirds of co-ops with demand response in place have M&V programs in place to gauge their impact.
- 86% of co-ops provide compensation to members participating in their demand response programs; the most common compensation forms are year-round reduced rate for electricity and a monthly bill credit.
- 41% of those who have DSM programs in place say they probably or definitely will expand those programs in the next two years.

## Co-ops Managing Peak

- Cooperatives have 10% of retail sales but are responsible for **20%** of actual peak reduction (EIA)
- Co-ops are responsible for nearly **25%** of residential peak load management capacity (EIA)
- **21%** of customers enrolled in a DR program are co-op members (FERC 2011)

# The Cooperative Difference

- Smaller scale systems
- Many are not state-regulated
- Opportunity to align retail prices with wholesale supply
- Member-owned, customer focused
- Industry leader in energy efficiency and demand side management programs
- Deployment of new technologies has enabled innovative rate design
- Easier to design and implement changes



## Case Study – Three Part Rate

- Mid-Carolina Electric Cooperative (MCEC) is a South Carolina cooperative serving 45,000 meters spread over 4,100 square miles.
- MCEC developed and implemented a three part rate with on-peak capacity charges to ensure collection of fixed costs through non-volumetric billing units.
- The cooperative balanced establishing a peak window wide enough to reflect peak periods versus the need to keep windows narrow enough that member-consumers would participate in the program.
- MCEC measured the impact of the rates on each individual within each rate class and determined some within each rate class had greater negative impact from the rate change— resulting in modifications in rates to mitigate those impacts.
- Education was key, both in advance of implementation of the rates and continuing over time.

## Case Study – Grid Access Charge

- Washington Electric Cooperative (WEC) is a fully regulated cooperative serving 10,500 meters in Vermont spread over 2,728 square miles.
- The cooperative was faced with the challenges of increasing net metering customers. They developed a rate that included a grid access fee to recover fixed costs of providing service to net metering customers.
- The cooperative determined that the value of solar number it developed would not be of general application.
- The bigger challenge was in implementing their new rate as part of their own billing system.
- For a time, net metering member-consumers had to be billed by hand until these issues were resolved.
- In addition, the cooperative determined education was key and based its program on a message of fairness and equity for all member-consumers.

## Keys to Success

- Members not customers
- Co-ops have highest ASCI scores
- Messages:
  - Save energy
  - Save money
  - Do the right thing for your neighbors and the co-op
- Education is a critical element of success!

# Thank you!

- **Allison Hamilton**
- **Senior Principal, Markets and Rates**
- **Business and Technology Strategies**
  - **Allison.Hamilton@nreca.coop**
- For more information:
  - [www.nreca.coop](http://www.nreca.coop)