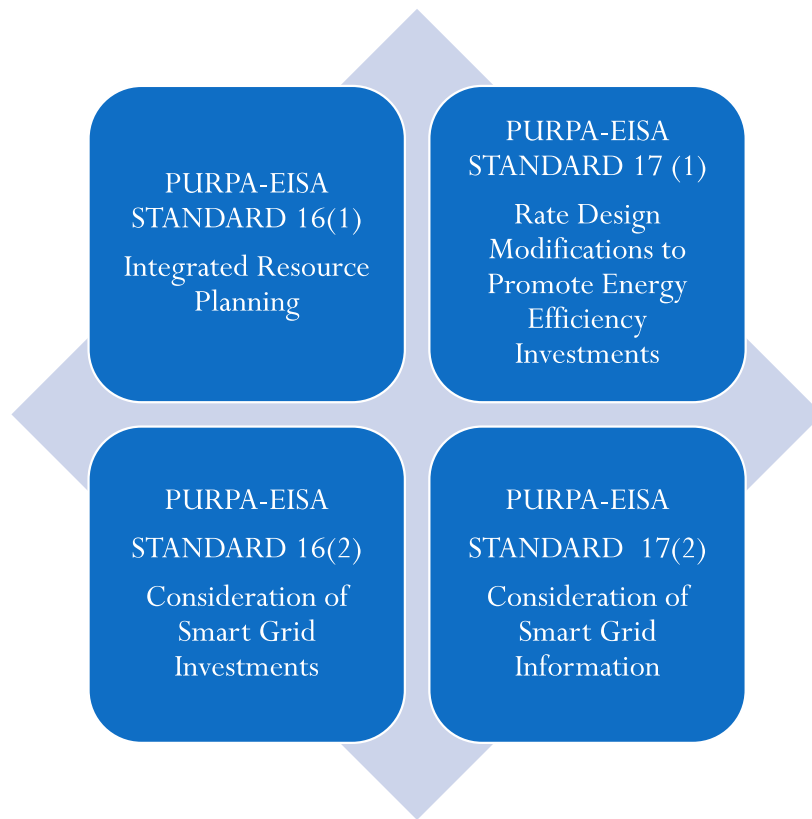


# 2007 PURPA-EISA Standards Review

Staff Recommendations to  
Board of Directors  
March 30, 2009

# Four PURPA-EISA Standards for Consideration by the Board of Directors



United being a utility with sales > 500,000 MWh must consider adopting the standards.

## Consideration of Integrated Resource Planning Standard

- United should decide whether to:
  - integrate energy efficiency resources into its integrated resource planning process; and
  - adopt policies adopting effective energy efficiency as a resource

## Staff Recommendation Concerning Integrated Resource Planning Standard

- **United's staff recommends that United's management and Board of Directors continue to encourage energy efficiency as a priority resource through current and future methods available through Brazos (i.e. planning meetings, Board committee meetings, ad-hoc committees, etc.), while recognizing that United is only one of sixteen votes in Brazos and by itself cannot direct the priorities of its generation and transmission cooperative.**

## Consideration of Rate Design Modifications and Support of Energy Efficiency Standard

- United should decide whether to:
  - removing the throughput incentive and other regulatory and management disincentives to energy efficiency;
  - providing utility incentives for the successful management of energy efficiency programs;
  - including the impact on adoption of energy efficiency as one of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;
  - adopting rate designs that encourage energy efficiency for each customer class;
  - allowing timely recovery of energy efficiency related costs; and
  - offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.

## Staff Recommendation Concerning Rate Design Modifications and Support of Energy Efficiency Standard

- **United Staff recommends to the Board of Directors that the Cooperative continues to support all four tenants of energy innovation as detailed in United Policy 4100. Further, United will perform a full cost-of-service study in 2010 that examines and potentially adopts rate designs that decouple distribution and wholesale transmission/power costs, remove the 'throughput incentive' through establishment of appropriate distribution charges and support full implementation of energy innovation programs without jeopardizing distribution revenue requirements, as long as such rate designs can be effectively and fairly implemented across all rate classes.**

## Consideration of Smart Grid Investments

- Each *State* should decide whether to:
  - whether to require an electric utility to demonstrate that it has considered an investment in a qualified smart grid system before investing in non-advanced grid technologies.
- Although the Cooperative cannot direct state action or implement this standard for other utilities, the Cooperative can itself consider investing in a qualified smart grid system before making further investments in non-advanced grid technologies.

## Staff Recommendation Concerning Smart Grid Investments

- **United's staff recommends to the Board of Directors that all smart grid enhancements be analyzed with a cost/benefit analysis to include: initial costs including labor and material, operating and maintenance costs, administrative costs, technology reliability, failure analysis, system reliability, system efficiency, work efficiency, and cooperative and member benefits. Further, as a part of this analysis, United staff recommends to the Board of Directors that a plan to finance the new technology and obsolete the replaced technology be included with the cost/benefit analysis. Finally, United staff recommends to the Board of Directors that such cost/benefit analysis be reviewed and approved by the Board of Directors prior to the implementation of each major smart grid technology.**

## Consideration of Smart Grid Information

- The Cooperative must decide whether to provide its members with direct access, in written or electronic machine-readable form as appropriate, to information from the Cooperative that includes:
  - time-based electricity prices in the wholesale electricity market and time-based electricity retail prices or rates that are available to the purchasers;
  - the number of electricity units, expressed in kWh, purchased by them (Usage);
  - updates of information on prices and usage offered on not less than a daily basis, including hourly price and use information, where available, and a day-ahead projection of such price information to the extent available (Intervals and Projections);
  - written information annually to both members and interested persons on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost effective basis (Sources);
  - access to a member's own information at any time through the Internet and on other means of communication elected by the Cooperative for Smart Grid applications;
  - access by other interested persons to information not specific to any purchaser through the Internet. Information specific to any purchaser shall be provided solely to that purchaser.

## Staff Recommendation Concerning Smart Grid Information

- **United Staff recommends to the Board of Directors that United provide metering information in any format feasible to the members upon request. United will make all AMI data available to the members through direct access once such service can be determined to be reliable and cost effective. Further, United will support Brazos in the cost-effective development of information and rate methodologies that allow members of United to potentially take advantage of wholesale market pricing for efficient use of energy.**

# Next Steps



Board Hears  
Staff's  
Recommendations  
March 30, 2009

Public Hearing for  
Public Input  
April 9, 2009

Board Hears  
Staff's Final  
Recommendations  
May 18, 2009