**Questions for Co-op Utility EE Focus Group**

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Questions:

1. Briefly explain how electric membership cooperative utilities set rates and who regulates them.

Electric cooperatives are not-for-profit entities servicing members in a specific (usually rural) territory. 98% of their members are residential. Members elect board and the boards set the rates in NC. The Co-ops are not regulated by NCUC for rates, although standards of service are requested by the commission. SB-3 gave the commission oversight over the co-operatives for REPS compliance and they report annually on the REPS mandates.

Blue Ridge Energy uses RIM studies to understand what programs are cost-effective. They want to make sure that the EE programs are being offered are not detrimentally impacting non-participating members.

1. Currently, what kinds of economic incentives are being offered by co-ops to encourage energy efficiency and/or high-performance buildings, residential or commercial?

NCAEC (NC Association of Electric Cooperatives) is a trade association that supports 26 of the state’s electric cooperatives. They do not provide EE programs directly to the members, but do provide support for the cooperatives in their EE offerings. Each individual cooperative picks their programs based on what their customers need. The majority have some type of loan program (PAYS at Roanoke is a good example).

<http://www.empowermenc.com/> is a portal that details the programs of the 26 cooperatives (they choose what programs are listed on the site). There may be other programs not listed – check the individual EMC’s website for more.

1. What is the motivation for offering (any) of these EE incentive programs, i.e., is there a business case for reducing peak use, meeting sustainability objectives, other requirements, etc.?

Reduce peak demand, lower wholesale power costs, keep rates stable. They also have sustainability objectives which go beyond EE: low carbon, resiliency and beneficial electrification.

1. What new ideas offer a viable approach to promote efficiency by co-op members?

EE is part of a broader strategy at the co-ops (see the sustainability objectives above). For example, beneficial electrification is an opportunity to use power more efficiently and effectively (and reduce environmental footprint). It is a benefit to both the utility and the members.

1. From the prospective of a Co-op, what are the primary challenges or pain points with *administering* an (or multiple) EE program(s)? (current state)

Because the co-ops are not for profit, they have to manage costs closely (they have to work within the environment they are in). They challenge for co-ops is to offer programs that multiple members can benefit from, but not at the detriment to other members (biggest bang for the buck for the majority). Certain programs have system benefits and take higher priority. “Do the most good for the most customers” is the bottom line. It requires them to be cost-conscious.

1. Do you have in mind any solutions that if implemented could alleviate those challenges?

The first consideration is determining the key components that all programs have to meet. The next consideration is culturally how to meet the needs of the members – does anything need to be altered? Members need to be able to make decisions without looking at things legislatively. They bring issues to NCEC if they need legislative support.

1. Do the co-ops include an avoided transmission and distribution cost benefit to EE measures? If yes, do you use the same methodology as the IOUs?

Statewide association uses a technical resource manual and established, standardized cost-effectiveness tests (not doing TRC/RIM calculations). Unless avoided transmission and distribution costs are included in TRC, they are not including them in the EE cost benefit analysis. From an EE perspective, these are not being calculated at this time. Unsure if they would make EE programs more cost-effective if included.

1. Do co-ops track EE programs, uptake and savings? Beyond NC-RETS reporting?

The statewide association tracks EE for REPS compliance (EECs), but this might not include all EE done in each co-op. Blue Ridge does track the rebates and loans made to members and does M&V for programs.

There was a bit of discussion about different reporting on EE from co-ops. A SACE report and a presentation from NI indicated a different number than what the co-ops are reporting internally. It is likely due to timing differences (incremental vs. cumulative), but the group agreed that this is something that we need to dig into to understand better. It will be included with the analysis of NC-RETS reporting that NI is putting together.

1. Does your utility offer a percent of income payment plan (i.e. where low to moderate income pay less, a subsidized amount, or equal payments based on affordability).
   1. Would that be difficult to create?
   2. What barriers and reservations exist for creating that type of program?
   3. What are the potential utility benefits of this type of solution?

Many co-ops offer a pre-pay program and some offer equal payment programs. It is not known if any offer a percent of income program, and there was some discussion about whether this would be considered discrimination in NC)? Ohio offers a percent of income payment plan, but it uses a public benefit charge to subsidize. The co-ops do offer “Operation Round-up” which collects voluntary contributions from members to assist other members with energy bills.

1. How do you currently set/measure energy intensity standards?

No – certain co-ops (like Roanoke) might run analytics to get this information, but it is not done at the state level. Statewide is getting more sophisticated in its ability to target high energy intensity customers, so this many be something it can do in the future. Blue Ridge tried to match up Zillow property data to its data file, but it was not reliable or actionable.

1. Do co-ops believe that it is part of their mission to address persistent energy cost burdens experienced by their low- and moderate-income member-owners?

Co-ops develop programs to meet the needs of their members. On persistent problem is housing stock problems in the co-op territories (older manufactured homes, legacy homes – no mortgage, not maintained – and homes built before stricter building codes). It is difficult to do EE in a home that has a lot of structural issues, so these must be fixed before on in addition to the weatherization.

1. Do you currently identify people living with high energy burdens (over 6% of income spent on energy)?

Co-ops don’t ask members for their income, so they don’t track energy burden. They do identify high energy users (over 1,000 KWh/mo) and work with local community action agencies to reduce energy use for qualified homeowners.

1. What is the status of deployment (or future plans) for smart meters?

Done! The co-ops are close to a full roll out of AMI, some are switching out to the second generation of smart meters. Unfortunately, there is a growing movement to opt-out of the smart meter and install an analog meter for health or privacy reasons. This is the same thing that is happening for IOUs.

1. Do you offer customers time-varying rates to encourage conservation or demand response?

Yes, but not all co-ops offer time-varying rates. Some only offer it to commercial customers. Some offer a time-of-use rate for EV charging and others are looking into it.

1. What level of interest do NC co-ops have in offering tariffed on-bill financing for energy efficiency?

One co-op (Roanoke) already provides on-bill tariff program and others have looked into it (but none have moved forward). Curtis Wynn (Roanoke) continues to share his use case with NC and national co-ops to help others better understand the financing model.

1. What are the main barriers co-ops see to offering tariffed on-bill financing for energy efficiency? What do co-ops feel is needed to overcome these barriers?

The co-op concerns include: legal/legislative interpretation of the co-ops ability to offer an on-bill tariff; a required cultural change in thought about how to do billing and rates; and the additional requirements that are associated with loan programs like USDA Rural Services (EM&V and administrative charges).

Roanoke has streamlined the process (with the assistance of 3rd party provider, EEtility) and has been able to make the program more cost-effective (community of contractors, outsourced administration).

1. Why haven't more NC co-ops taken advantage of the millions/billions of dollars available each year through low- and zero-interest financing programs available through the USDA's Rural Utilities Service to develop energy efficiency finance programs for their members?

See #16 above

1. What do co-ops think of the state implementing a dedicated Energy Efficiency Resource Standard?

Never want to say never, but …. Electric co-ops are not universally excited about mandates of any type. There are lots of other ways to manage energy assets, reduce carbon and provide technical innovation.