

AGENDA ITEM SUMMARY REPORT

AGENDA ITEM: A. Approval of PURPA Standards
Consideration and Public Notice/Hearing
Process Schedule

MEETING DATE: **October 24, 2022**

RECOMMENDED ACTION: **Board Approval of Resolution
No. 22-10-01**

PURPOSE:

To request SECO Energy Board of Trustees' approval to begin consideration of PURPA Standards and approve issuing the Notice of Consideration and Public Notice/Procedural Hearing Process as follows:

Public Hearing/Schedule – Nov 1, 2022 in *SECO News* and *SECOEnergy.com*

Initial Comments – to be submitted beginning April 1, 2023

Reply Comments – to be submitted on or before June 1, 2023

Determination – to be rendered on or before Nov 15, 2023

BACKGROUND:

PURPA is the Public Utility Regulatory Policies Act of 1978. The purpose is the encouragement of investments in conservation and efficient use of facilities by electric utilities and equitable rates to electric customers. Over the years, PURPA has presented new standards for qualified electric utilities to *consider*.

Most recently, the 2021 Infrastructure Investment and Jobs Act (IIJA) requires non-regulated cooperatives (such as SECO Energy), municipal utilities, and state regulators (for regulated utilities) to consider adopting two new standards under Section 111(d) of PURPA. There are two new PURPA 111(d) Standards Under IIJA to consider:

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.

(B) Rate Recovery

(i) In General – Each State regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the State regulatory authority has ratemaking authority to timely recover the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

(ii) Nonregulated Electric Utilities – A nonregulated electric utility may establish rate mechanisms for the timely recovery of the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

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.

Determination Process to Consider Adopting new PURPA Standards:

- SECO Energy must consider and make a determination whether to consider or adopt the two new standards.
- PURPA requires a “hearing” process to consider the standard. SECO Energy has chosen to engage in a public **comment period** to consider our members’ input on the topic. Following direction from NRECA, SECO does not presently intend to conduct a live hearing but will, via its comment and response periods, along with the opportunity for member attendance at Board meetings where they are allowed to be heard on matters affecting the Cooperative, enable our members to be heard throughout this process. We plan to facilitate this process through a website form based on the schedule below.

SECO proposes the following schedule for compliance:

- Notice of Public Hearing and Procedural Schedule – issued November 1, 2022 in *SECO News* and published on SECOEnergy.com
- Initial Comments – to be submitted beginning April 1, 2023
- Reply Comments – to be submitted on or before June 1, 2023
- Determination – to be rendered on or before November 15, 2023

**NOTICE OF PURPA CONSIDERATION AND HEARING PROCESS
TO
ALL ELIGIBLE PARTICIPANTS**

Issued: November 1, 2022

Sumter Electric Cooperative, Inc. (d/b/a SECO Energy or the "Cooperative") hereby gives its members notice regarding the process to be followed in implementing the statutory directives in the 2021 Infrastructure Investment and Jobs Act (2021 Infrastructure Bill), which amended the Public Utilities Regulatory Policies Act of 1978 (PURPA). The 2021 Infrastructure Bill established new Federal standards under Section 111(d) of PURPA, which each non-regulated electric utility (such as SECO Energy) is required to consider and to "make a determination whether or not it is appropriate to implement such standard[s]" within certain defined timelines based on evidence collected from interested persons after public notice and hearing.

A complete public notice issued **November 1, 2022** providing a description of the PURPA amendments and the procedures to be followed by the Cooperative in carrying out the mandate of the 2021 Infrastructure Bill is available on the Cooperative's website at SECOEnergy.com or can be obtained by calling the Cooperative at 352 793 3801. The schedule of key events is as follows:

- Official Notice of Public Hearing/Procedural Schedule – issued November 1, 2022
- Initial Comments – to be submitted on April 1, 2023
- Reply Comments – to be submitted on or before June 1, 2023
- Determination Announcement by the Cooperative's Board of Trustees – to be rendered on or before November 15, 2023

Should any change occur in the above schedule, it will be posted on SECOEnergy.com.

RESOLUTION

WHEREAS, the Sumter Electric Cooperative, Inc. (d/b/a SECO Energy); is an electric utility with annual retail sales greater than 500 million kWh as of two years prior to the year in which the two new PURPA standards are to be considered and

WHEREAS, SECO Energy must consider and make a determination whether to consider or adopt the two new standards; and

WHEREAS, PURPA requires a “hearing” process to consider the standard; and

WHEREAS, SECO Energy will provide a public hearing process by engaging in a public comment and response hearing process along with member input at meetings of the Board of Trustees; and

WHEREAS, the attached Notice places SECO Energy in compliance with PURPA requirements.

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of Sumter Electric Cooperative, Inc., hereby approves the following schedule for compliance:

- Notice of Public Hearing and Procedural Schedule – issued November 1, 2022 in *SECO News* and published on SECOEnergy.com
- Initial Comments – to be submitted beginning April 1, 2023
- Reply Comments – to be submitted on or before June 1, 2023
- Determination – to be rendered on or before November 15, 2023
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APPROVED AND ADOPTED at the regular meeting of the Board of Trustees of Sumter Electric Cooperative, Inc., held on the 24th day of October 2022.

Secretary