

Jefferson Energy Cooperative
Louisville, Georgia



Direct Testimony
Of
Brent A. Saylor

Regarding PURPA 111(d) Standards
in the Infrastructure Investment
and Jobs Act of 2021

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On Behalf of
The Management and Staff of
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Introduction

The Infrastructure Investment and Jobs Act of 2021 (“IIJA 2021”) that was enacted November 15, 2021, contains two new federal standards that must be considered for implementation by all electric utilities with annual retail sales greater than 500 million kilowatthours during calendar years 2020 or 2021. Those new standards are in addition to the six standards set forth in the Public Utility Regulatory Policies Act of 1978 (“PURPA”), the four standards contained in the Energy Policy Act of 1992 (“EPAct 1992”), the five standards contained in the Energy Policy Act of 2005 (“EPAct 2005”), and the four standards contained in the Energy Independence and Security Act of 2007 (“EISA 2007”). The relevant sections of IIJA 2021 are shown in Appendix A. IIJA 2021 adds two new Federal standards to PURPA Section

111(d):

(1) Demand-Response Practices, 16 U.S.C. § 2621(d)(20),

(2) Electric Vehicle Charging Programs, 16 U.S.C. § 2621(d)(21).

The requirements of IIJA 2021 do not mandate that the affected electric utilities implement those new standards; instead, PURPA states that “[e]ach state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard” and then “make a determination concerning whether or not it is appropriate to implement such standard.” 16 U.S.C. 2621(a). Further, “[n]othing in this subsection prohibits any State regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard.” Id.

The “baseline years” for the 500 million kilowatt-hour sales applicability threshold are the one and two calendar years prior to calendar year 2022 during which the standards are being considered. Jefferson Energy Cooperative (“Jefferson Energy” or “Cooperative”) had annual retail sales of approximately 579 million kilowatt-hours during calendar year 2020 and 594 million kilowatt-hours during calendar year 2021, both above the threshold of 500 million kilowatt-hours that identifies which electric utilities must consider implementation of the standards.

PURPA Standards

Jefferson Energy Cooperative is a nonregulated electric utility, which PURPA defines as “any electric utility other than a State regulated electric utility.” 16 U.S.C. § 2602(9). Thus, it is the responsibility of Jefferson Energy Cooperative’s Board of Directors (“Board”) to make its own independent determination regarding whether to implement each of the new PURPA standards.

That determination must follow an appropriate consideration of the standards that includes evidence presented during the course of a public hearing.

The purpose of these initial comments is to contribute to the body of evidence used by the Board to make their determination on each of the two new standards based upon findings that are appropriate for the members of Jefferson Energy. These initial comments have been prepared by Brent A. Saylor of GDS Associates, Inc (“GDS”). A summary of the qualifications and experience of GDS and Mr. Saylor are contained in Appendix B. There is no requirement for Jefferson Energy to further consider previously enacted PURPA standards. The federal legislation anticipates that state regulatory authorities and nonregulated electric utilities would need to consider utility-specific conditions and circumstances during their evaluation of the PURPA standards and determine the ability of each utility to accomplish the goals of PURPA via the implementation of the two new PURPA standards. For that reason, with respect to each of the two PURPA standards, the Board may decide to implement the standard as stated in IJJA 2021, implement a modification of the standard, or decline to implement the standard. Subject to the receipt and review of additional evidence, if any, the following comments and recommendations address general considerations regarding each of the two new standards and specific issues and circumstances applicable to Jefferson Energy Cooperative that the Management and Staff of Jefferson Energy believe should be a part of the Board’s deliberations.

PURPA Goals

The goals of PURPA continue to be the same as those stated in the original Public Utilities Regulatory Policy Act of 1978, that is, to encourage (1) conservation of energy supplied by electric utilities, (2) optimal efficiency of electric utility facilities and resources, and (3) equitable rates for electric consumers. The first goal focuses on retail energy users and promotes conservation by end-

use consumers. The second goal applies to the use of energy by the electric utility and the facilities they utilize to deliver energy. The third goal recognizes the need for proper development and administration of retail electric rates, providing a check and balance relative to the other two goals, so that the programs, policies, and rates employed by electric utilities to achieve the first two goals reflect their associated costs and are not arbitrary, unfair, or unduly discriminatory.

Jefferson Energy Cooperative's Board should make its determination regarding each PURPA standard based on whether, given Jefferson Energy's particular circumstances, that new standard will accomplish any one or more of those three goals, without harming its ability to accomplish the others(s). Thus, if implementation of a standard adversely impacts even one of the three goals, the Board may decline to implement that standard.

Jefferson Energy Cooperative

Jefferson Energy Cooperative's has several organizational and operational characteristics that are important to the Board's consideration of the PURPA standards. First, Jefferson Energy is member-owned and thus self-regulated. Jefferson Energy's members elect the Board that establishes and oversees the Cooperative's policies, rates, service rules, and regulations. Unlike investor-owned electric utilities, Jefferson Energy has no third-party investors to satisfy. Thus, there is no conflict of interest between the utility's owners and members regarding profitability. In fact, Jefferson Energy is a not-for-profit organization. Revenues collected in excess of operating expenses (such difference referred to as "margins") are assigned back to its members as capital credits. Under this form of organization, all costs associated with the programs, policies, and rates adopted to implement the PURPA standards will be borne in full by its members.

Jefferson Energy Cooperative owns and operates an electric distribution utility. Unlike vertically integrated electric utilities that also own and operate electric generation facilities and transmission

lines (together commonly called “bulk power systems”), Jefferson Energy does not make decisions independently regarding the generation and transmission functions and the related costs incurred to furnish electric energy to its customers.

The Cooperative is one of thirty-eight-member electric distribution cooperatives of Oglethorpe Power Corporation (“Oglethorpe”), a not-for-profit power supply cooperative that manages electric generation assets and contracts to help its members meet their long-term capacity and energy needs.

The Cooperative also has an all-requirements wholesale power contract with Georgia Energy Cooperative (“GEC”) for purchased power and for generation services. GEC represents the wholesale power interests of Jefferson Energy and fourteen other distribution cooperative members, all located in Georgia. The fifteen Members of GEC have entered into similar wholesale power contracts that govern the allocation of power costs among themselves.

Power produced by hydroelectric generating facilities is supplied to Jefferson Energy Cooperative from the Southeastern Power Administration (“SEPA”). Renewable energy is purchased by Jefferson Energy from Green Power EMC.

Generated power is delivered to Jefferson Energy Cooperative via a statewide transmission network called the Integrated Transmission System (“ITS”) that is owned, planned and operated jointly by Georgia Transmission Corporation (“GTC”), Georgia Power Company, MEAG Power, and Dalton Utilities. Jefferson Energy is one of thirty-eight electric distribution cooperatives in Georgia that receive transmission service from GTC, also a not-for-profit cooperative formed for such purpose in 1997. Jefferson Energy is also a member of and receives system operations services from a third not-for-profit organization called the Georgia System Operations Corporation (“GSOC”). The services provided by GSOC include monitoring and controlling the generation and

transmission assets of Oglethorpe and Georgia Transmission, respectively, to ensure their reliable and cost-effective operation. GSOC also establishes the amount of generation capacity that each member must provide for purposes of reliably meeting future peak demands. As later discussed herein, the Cooperative's relationship with these affiliated organizations and service providers, and the provisions of the bulk power service agreements must be given due consideration in the Cooperative's determination of whether to implement the new PURPA standards.

Demand-Response Practices Standard

The first of the two new PURPA standards that Jefferson Energy Cooperative's Board must decide whether to implement is the Demand-Response Practices standard, which states:

- (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).

16 U.S.C. § 2621(d)(20).

The Board should view Part (A) of this PURPA standard in the context of the role it plays in Jefferson Energy Cooperative's planning activities which are the contractual responsibilities of GEC.

The planning process consists of several steps, starting with identification of basic objectives such as reliability of service, quality of service, and meeting peak demand requirements and balancing such objectives with meeting the energy requirements of Jefferson Energy's members at the lowest possible cost. Next, historical and current data are collected to examine the electric system's load patterns and trends. Based on that information and other data such as econometrics, demographics, and appliance saturation, an electric load forecast is prepared to determine the Cooperative's future power requirements.

Supply-side resources include participation in central station generating plants, contracts to purchase power from the wholesale market, and renewable resources. Demand-side resources include active load management of customer appliances, passive load management via time-of-use rates and coincident peak demand pricing, as well as energy efficiency and conservation programs. These demand side options are integrated into the process through the load forecasting process. While supply-side decisions must be coordinated with other members of Oglethorpe and GEC, demand-side resources can generally be evaluated and implemented by Jefferson Energy Cooperative independently of other electric distribution cooperatives in Georgia. Additionally, all resource plans are considered within the requirements of the power supply agreements with Oglethorpe and GEC. It is within the context of this process just described that Jefferson Energy Cooperative determines to pursue and implement demand response and demand flexibility practices.

Demand-response and demand flexibility practices by utilities and consumers are facets of demand-side management. Electric utilities nationally and Jefferson Energy have promoted *demand-response practices* for many years, including the examples of both active and passive load management of consumers' electric loads just described. According to the US Department of

Energy, Office of Electricity, demand response measures reduce or shift electricity usage during peak periods in response to time-based pricing or other forms of financial incentives. Demand response efforts can include offering time-based rates and direct load control programs which provide the ability for utilities to cycle air conditioners and water heaters on and off during periods of peak demand in exchange for a financial incentive and lower electric bills. By comparison, *demand flexibility practices* are relatively new and, as described by the Alliance to Save Energy, focus on “[t]he use of communication and control technologies to shift electricity use across time of day while maintaining (in some cases improving) the quality and value of enduse services.” According to The Brattle Group, demand flexibility includes demand-response, but “also more broadly includes new opportunities for managing load to provide a wider range of grid services following the rapid emergence of consumer-oriented energy technologies such as AMI, smart appliances, electric vehicles (“EVs”), behind-the-meter battery storage, behavioral tools, and automated load control for large buildings.”

The PURPA demand response standard specifies promoting practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand, which Jefferson Energy Cooperative is actively doing through several long-standing programs:

1. Direct load control –Irrigation is controlled during summer months with more than 101 switches installed on irrigation pumps. Other programs, such as water heater and air conditioning controls, have been evaluated by the Cooperative and rejected due to not being cost effective for Jefferson Energy and lack of acceptance by end-users. Implementation of a cost ineffective program would raise rates to Jefferson Energy members and fail the third PURPA goal of equitable rates for electric consumers.

Members taking irrigation service may select among three billing options, all of which are designed to incentivize members and reduce load during peak periods. The three billing options are: i) Interruptible Service, ii) Time of Use Service, and iii) Peak Capacity Demand Service. Under the Interruptible Service option, during load management periods, the Cooperative sends a radio signal to the load control switch. The load management periods generally occur during the hours of the highest peak electric load demand periods on the Oglethorpe system but can also occur during periods of peak load conditions on the Jefferson Energy system. These periods typically occur on summer weekday late afternoon and evening hours, and in winter months, during early morning hours. Under the Time of Use Service option, the member voluntarily determines whether to avoid usage during the on-peak period or shift energy away from the on-peak period to the lower cost off-peak period. A member that elects the Peak Capacity Demand Service option also can voluntarily avoid usage during on-peak periods, but the bill savings are applied on a capacity basis rather than an energy charge as with the Time of Use Service rate. Under all of the billing options, irrigation members receive lower charges under the irrigation rate compared to taking service under a standard rate that does not recognize the benefits of lower on-peak usage.

2. Coincident Demand Pricing for Large Power customers - Jefferson Energy offers ten different rates to commercial accounts with a demand charge mechanism that incentivizes customer load reductions during peak periods. There are currently twenty customers served under these rates. Jefferson Energy provides advance notice to these members of potential periods through a variety of means including combinations of

email, text messages, and telephone calls. Each member determines the amount of load that can be reduced during each peak period notice; there are no requirements for the member to interrupt service. In exchange for reducing usage during peak periods, the member achieves the benefit of lower demand charges. These rates have either coincident peak demand charges, or tiered energy charges based on their coincident peak demand which rewards the member with lower demand or energy charges if they are able to reduce their electric load during peak load periods.

3. General Service Time of Use (“TOU”) pricing – In addition to the irrigation TOU rate offering, rate Schedule C-TOU is available to Jefferson Energy Cooperative members, on an optional basis. This rate is characterized by defined on- and off-peak periods with fixed, kWh-based energy pricing for each period. The energy prices in this rate are cost-based and are developed to consider the Cooperative’s costs incurred during the on- and off-peak periods. Similar to large load members subject to coincident demand pricing described above, individual members can decide whether to shift load away from higher cost on-peak periods to lower cost off-peak periods. The shift in load away from on-peak periods provides a “passive” demand response under this rate alternative. The on-peak periods have been developed to coincide with the times that Jefferson Energy establishes its generation capacity and transmission billing demand requirements. The shift in energy consumption creates benefits for the Cooperative in the areas of reduced generation, transmission, and distribution capacity requirements. Participating members benefit from the lower cost of off-peak energy.

Additionally, Jefferson Energy uses a variety of methods to educate their members on the benefits of energy efficiency. While not a demand response technology, the implementation of energy efficiency measures promotes reductions in energy consumption during all hours of the year including periods of unusually high demand. One method of Member education can be found on the Jefferson Energy website under the Member Services tab titled “WAYS TO CUT YOUR ELECTRIC BILL - Jefferson Energy Cooperative (jec.coop)” and relates to energy efficiency.

Subpart (ii) is the portion of Part (B) of the Demand-Response Practices standard that applies to Jefferson Energy Cooperative as a non-regulated utility. It permits the establishment of “rate mechanisms” that provide the “timely recovery” of costs for promoting the practices described in Part (A). Rate mechanisms can take many forms, including base rates, fees, surcharges, discounts, riders, cost adjustment factors, and so on. The form of the rate mechanism for timely cost recovery will vary depending on the practice being promoted. It should not unreasonably hinder the intended response from the consumer, but it should reflect proper price signals that are aligned with costs, particularly the cost of wholesale power. If these tenets are followed, along with the other generally accepted principles of retail ratemaking, then demandresponse and demand flexibility practices can be promoted in a way that benefits the consumers participating in those practices, while not adversely impacting (and perhaps even benefiting) the non-participants. For example, the credits provided to members under the interruptible portion of the Irrigation Service Rate are designed to provide members that interrupt with a price incentive that is based upon the benefits that the Cooperative achieves through implementation of the interruptions.

Impact on PURPA Goals

Regarding the three stated goals of PURPA, and in particular as to their application to Jefferson Energy Cooperative, it is concluded that Part (A) of the Demand-Response Practices standard is consistent with accomplishing the first two goals of conservation of energy and efficient use of facilities and resources, and Part (B) is consistent with accomplishing the third goal of equitable rates. Furthermore, neither Part (A) nor Part (B) adversely impacts any of the three PURPA goals, and there are no known inconsistencies between that standard and State law.

Summary

With consideration of Jefferson Energy Cooperative's current and on-going demand response programs, it is recommended that the Board should find in its determination of the Demand-Response Practices standard that Jefferson Energy, to the extent it is able to do so as an electric distribution utility, has already adopted programs that promote demand-response practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand. Further, Jefferson Energy will continue to evaluate its current programs as well as opportunities for future Demand-Response and Demand Flexibility Practices to ensure that demand response provides benefits to the Cooperative and its members.

The Board should adopt a finding to these effects.

Electric Vehicle Charging Programs Standard

The second of the two new PURPA standards that Jefferson Energy's Board must decide whether to implement is the Electric Vehicle Charging Programs standard, which states:

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. 16 U.S.C. § 2621(d)(21).

Notwithstanding the specific wording that directs each “State” rather than each *utility* to consider the standard, Jefferson Energy Cooperative is including this standard in its IJJA 2021 PURPA compliance process, with the caveat that Jefferson Energy Cooperative’s ability to implement this standard is limited to its own electric distribution system grid and service area.

To consider this standard, the Board must understand what is meant by “electrification of the transportation sector”. “Electrification” in general is the switching (entirely or in part) from technologies that use fossil fuels to those that use electricity with the primary goal of reducing greenhouse gas (“GHG”) emissions. In regard to the transportation sector, electrification includes replacing fossil fuels with electricity as the means of powering light-, medium-, and heavy-duty vehicles. Electrification of the transportation sector may also provide benefits to electric utilities by improving electric grid stability and providing opportunities for demand flexibility.

Unlike the first PURPA standard addressed in these Initial Comments that specifies action (“shall promote”), this standard is more passive (“consider measures to promote”) in its implementation. Perhaps the standard’s wording is intended to reflect the uncertain and fastevolving nature of the electrification of the transportation sector, such that if adopted, this standard could mean an ongoing, or periodic, effort to “consider measures.” In that regard,

Jefferson Energy Cooperative's Board could make a determination to implement the second PURPA standard and then, after considering several measures to promote greater electrification of the transportation sector, decide only certain of the measures are feasible at the present time.

There are many types of "measures" that could be considered, including consumer education (website, presentations, demonstrations), participation in statewide initiatives with other Georgia distribution cooperatives (programs, feasibility studies), partnerships with third parties (businesses, dealerships), incentives (rebates, loans), and as identified in the standard, rates. Since Parts (A) through (D) in part pertain specifically to the establishment of rates, the following comments will focus on that measure. It should be noted that the standard contains several broad terms that may lead to conflicting, or at least competing, objectives. An example of competing objectives is the promotion of "affordable and equitable electric vehicle charging options" in Part (A) versus the "appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure" in Part (D). The term "affordable" implies a focus on simply the lowest cost while Part (D) recognizes the importance of the utility recovering the cost to provide the service. Thus, implementation of the standard necessitates establishment of priorities for the various objectives therein.

Part (A): Promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure.

Part (A) contains the dual objectives of promoting affordable and equitable options for electric vehicle charging. These objectives emphasize making electric vehicle charging available throughout Jefferson Energy Cooperative's service area by employing rates that encourage consumers to acquire and operate electric vehicles. Obviously, simply establishing lower rates will promote affordability. To also be equitable, however, rates must still appropriately recover costs, as noted in Part (D) of this PURPA standard.

The dual objectives can be achieved by establishing rates that encourage the use of electric service for electric vehicle charging in a manner that is beneficial to both the consumer and Jefferson Energy. Jefferson Energy Cooperative's wholesale power supply arrangements include coincident peak billing demand charges from GTC and requirements established by GSOC for generation capacity to be sufficient to meet Jefferson Energy's projected demand plus planning reserves during Oglethorpe's summer and winter peak demand periods. It is also important to recognize that Jefferson Energy's distribution system has been planned and constructed to provide adequate capacity during peak load conditions.

Based upon the best information available to the Cooperative, the penetration of memberowned electric vehicles within the Jefferson Energy service territory is small. Due to the small number of electric vehicles, Jefferson Energy has concluded that at the present time, there are no negative impacts on distribution capacity requirements nor material increase in marginal costs resulting from electric vehicle charging. The Cooperative has further concluded that it is not cost effective to offer special EV pricing at this time.

The portion of Part (A) that addresses the establishment of affordable and equitable rates for public electric vehicle charging infrastructure is more difficult to assess because the power requirements are greater, and the energy consumption characteristics are difficult to predict. In particular, electric vehicle fast charging stations typically have a high peak demand that requires a significant electric facilities investment but a low energy consumption due to infrequent use. Further, that infrequent use, due to the nature of the time of operations of the commercial establishment, is likely to occur during high-cost peak periods. Those electric load characteristics and significant investment requirements create a high incremental cost of electric service delivery

that challenges the establishment of affordable rates for electric vehicle fast charging stations that are also equitable in terms of cost recovery.

Part (B): Improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles.

Consideration of Part (B) of the standard must begin with recognizing some of the significant aspects of the present customer experience associated with electric vehicle charging, including the cost of charging, managing charging, range anxiety, and charging time. Jefferson Energy's role with respect to charging cost and management of the charging are addressed above in Part (A). Jefferson Energy Cooperative expects to improve the customer experience associated with electric vehicle charging through consideration as a participant in future programs under development that would be administered by the state of Georgia (see as well as future programs that may be sponsored by the electric cooperatives in Georgia.

Part (C): Accelerate third party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles.

Part C which accelerates third-party investment in electric vehicle charging for light-, medium-, and heavy- duty vehicles, is not applicable to Jefferson Energy at this time. As noted above, Jefferson Energy is actively monitoring the development of statewide initiatives that could be designed to bring funding for electric vehicle charging infrastructure throughout the state and to the service areas of the Cooperative. As these initiatives develop in the future, Jefferson will consider them to determine whether they accomplish the three goals of PURPA, including whether they make economic sense for Jefferson Energy and its members.

Part (D): Appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

This final part of the standard provides a safeguard to ensure the rates established to meet the objectives of the other three parts are sustainable and do not result in adverse financial impacts. The *marginal* costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure might be higher or lower than the average, *embedded* costs that electric rates are typically designed to recover.

The relationship between marginal and embedded cost is largely a function of the investment required to provide EV charging infrastructure. As described herein, providing service to a new public charging facility is typically significant and greater than embedded cost. Jefferson Energy has a line extension policy that may require the member to pay a contribution-in-aid of construction depending on the estimated rate of return on the Cooperative's investment and the nature, dependability, and expected life of the establishment. It should be acknowledged that in some cases, application of the CIAC may lessen to an extent the affordability of electric vehicle charging and hamper the acceleration of third-party investment in electric vehicle charging. However, the CIAC is necessary to ensure that the higher, marginal cost of the additional facilities is not borne by other members of Jefferson Energy Cooperative.

Marginal power supply costs can be higher or lower than embedded costs depending on the time of day that the charging occurs. Charging during on-peak periods can result in high marginal costs with increased demand charges to the utility. Marginal costs are lower for the utility if the charging occurs during off-peak periods with no increases in capacity-related costs.

Compounding the challenge of recovering marginal costs is the impact that winter peak demands is now having on the Cooperative's generation capacity requirements. Beginning in 2024, Jefferson must demonstrate to GSOC that sufficient capacity has been secured to meet projected winter peak demand and planning reserve requirements. The period surrounding Winter Storm

Elliott in 2022 demonstrated that winter peaks are a significant and costly challenge, especially when they occur at a time when residential customers could be charging their vehicles (early morning hours prior to leaving for work).

Impact on PURPA Goals

The Electric Vehicle Charging Programs standard that aims to “promote greater electrification of the transportation sector” does not specifically meet the first stated goal of PURPA, which is to encourage “conservation of energy supplied by electric utilities”. However, “electrification” views energy conservation from a broader perspective than merely reduced kilowatt-hours supplied by electric utilities. According to the Electric Power Research Institute, “economy-wide electrification leads to a reduction in **energy consumption** (emphasis added), spurs steady growth in the electric load, and reduces GHG emissions—even in scenarios with no assumed climate policy.” Thus, given the many benefits of electrification, the Board’s consideration of this standard may include looking beyond the strict meaning of the first goal stated in the original Public Utilities Regulatory Policy Act of 1978.

PURPA’s second goal of optimal efficiency of electric utility facilities and resources can be achieved by the participation in the current efforts being undertaken by the Georgia Legislative body. Electric utilities have an opportunity to influence how the growing and evolving power requirements of electric vehicles can be met in ways that make more efficient use of electric utility facilities and resources. For example, the efficiency of existing facilities and resources can be enhanced by rates, programs, and measures that discourage electric vehicle charging during peak periods or encourage charging during off-peak periods.

The third PURPA goal of equitable rates for electric consumers is contemplated by Part (D) of the standard that states the rates used to promote greater electrification of the transportation

sector should appropriately recover marginal costs. This facet of the standard is important in two respects. First, rates that recover marginal costs provide reasonable and meaningful price signals to influence consumer behavior in ways that support the first two PURPA goals. Second, recovery of marginal costs precludes the measures implemented to promote greater electrification of the transportation sector from being subsidized by utility consumers through rates that are thereby inequitable. The Board's consideration of the third PURPA goal of equitable rates should recognize the Cooperative's line extension policy.

Summary

Jefferson Energy Cooperative has already considered and implemented measures to promote greater electrification of the transportation sector in their service area by installing chargers at their cost. Going forward, adoption of the Electric Vehicle Charging Programs standard does not require a specific action by Jefferson Energy Cooperative's Board, other than to *consider measures* to promote greater electrification of the transportation sector. Such potential measures as the Board deems worthy of consideration may take many forms, including programs that encourage and incentivize members to make informed decisions about the purchase of an EV and the optimal time to conduct the charging as well as the application of rates that appropriately recover the marginal costs of providing EV charging service. In that manner, cost-based measures can provide benefits to both consumers of electric service and electric utilities. By participating in the State programs and monitoring the impact that EVs have on larger cooperatives with greater penetrations of electric vehicles, Jefferson Energy will be positioned to react quickly.

Recommendations

Based on the foregoing, Jefferson Energy's Board should consider taking the following action on the two new PURPA standards set forth in IJJA 2021:

Demand-Response Practices Standard - The Board should find in its determination of the Demand-Response Practices standard that Jefferson Energy, to the extent it is able to do so as an electric distribution utility, has already adopted programs that promote demand-response practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

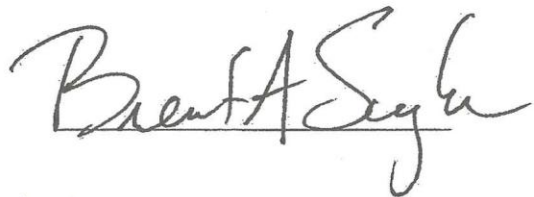
Electric Vehicle Charging Programs Standard - The Board should find in its determination of the Electric Vehicle Charging Programs standard that Jefferson Energy, to the extent it is able to do so as an electric distribution utility, Jefferson Energy Cooperative has and will consider measures to promote greater electrification of the transportation sector, subject to such measures appropriately recovering the marginal costs of delivering electricity to electric

vehicles and electric vehicle charging infrastructure, which includes continued involvement with the State Legislative body regarding these issues.

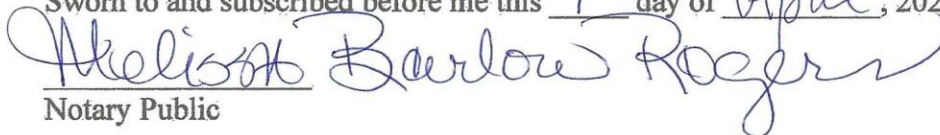
Verification

These Initial Comments provided herein are true and correct to the best of my knowledge. However, the Initial Comments are not solely based on my knowledge, but includes information obtained by and through my agents and representatives of Jefferson Energy's staff.

This 4th day of April, 2023.



Sworn to and subscribed before me this 4th day of April, 2023.



Notary Public



Appendix A

PURPA 111(d) STANDARDS in the INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021

Demand-response practices (16 U.S.C. § 2621(d)(20))

(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).

Electric vehicle charging programs (16 U.S.C. § 2621(d)(21))

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.

Appendix B

STATEMENT OF QUALIFICATIONS

GDS Associates, Inc. is a multi-service consulting and engineering firm with extensive engineering, project management, and consulting experience. The firm was formed in 1986 and employs a staff of approximately 180 professionals and support personnel. GDS Associates' broad range of expertise focuses on clients associated with, or affected by, electric, gas, water and wastewater utilities. In addition, services regarding electric distribution and transmission design, information technology, market research, and statistical analyses are provided to a diverse client base. GDS Associates is headquartered in Marietta, Georgia, with offices in Austin, Texas; Auburn, Alabama; Manchester, New Hampshire; Madison, Wisconsin; Orlando, Florida; Augusta, Maine; and Redmond, Washington, and serves clients throughout the United States.

Brent A. Saylor is a Vice President of GDS Associates. He has been employed by GDS for more than 25 years. His work focuses on both wholesale and retail rate studies, cost allocation studies, financial forecasts, and other financial and rate design services for clients located throughout the United States. He has appeared as expert witness before regulatory commissions in 3 states as well as the Federal Energy Regulatory Commission.

Mr. Saylor has conducted numerous economic analyses of Demand Side Management ("DSM") activities for both distribution and power supply utilities. Brent and a GDS colleague led an effort to author "Distributed Energy Resources Compensation and Cost Recovery Guide" in coordination with the NRECA to offer to its members. The guide includes content regarding current trends in DER compensation and cost recovery methods, regulation, stakeholder engagement, integration of multiple programs, and coordination between G&T and distribution cooperatives.

He has participated in cost of service and rate design on behalf of generation and transmission electric cooperative utilities. He has advised wholesale rate customers on issues regarding interpretation of wholesale rate provisions and price signals, and the incorporation of same into retail rates. His retail rate assignments have included developing innovative rates, including time-based rate structures, for various classes of utility service customers and numerous successful retail service agreement negotiations with large industrial customers on behalf of utility clients.

Prior to joining GDS, Brent worked for Oglethorpe Power Corporation for more than 16 years, and managed the rates and pricing area, as well as providing significant support to marketing, power supply and corporate restructuring efforts.