

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 13, 2020

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APPLICATION OF

RAPPAHANNOCK ELECTRIC COOPERATIVE

CASE NO. PUR-2019-00217

For approval of a peak time rebate pilot program

FINAL ORDER

On December 13, 2019, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a peak time rebate ("PTR") pilot program ("PTR Pilot").<sup>1</sup> The PTR Pilot is a voluntary, experimental two-year pilot program that REC proposes to promote efficient use of electrical energy and reduce demand for electricity during periods of peak consumption.<sup>2</sup>

Through the pilot program, REC seeks to manage and reduce its wholesale power costs by notifying participating customers ("Participants") in advance of potential peak periods, requesting that Participants reduce energy consumption during designated hours in the potential peak periods ("PTR Events"), and rewarding those Participants who do so by way of billing credits for each kilowatt-hour ("kWh") of reduction during PTR Events.<sup>3</sup> According to REC, Participants will have the option of responding to the request to curtail usage but will never be required to curtail usage and will not be penalized if they choose not to curtail usage.<sup>4</sup> REC intends to provide Participants with notifications of PTR Events the day before the events,

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<sup>1</sup> Application at 1. As part of its Application, REC filed Schedule PTR.

<sup>2</sup> *Id.* at 1-2.

<sup>3</sup> *Id.* at 4. The Cooperative expects that there will be 15 or fewer PTR Events per summer cooling season. *Id.* at 6.

<sup>4</sup> *Id.* at 4.

supplemented with reminders just prior to and during the actual PTR Event hours, which will typically be weekdays from 4 p.m. to 6 p.m.<sup>5</sup>

The Cooperative states that it will apply a credit of \$0.75 per kWh to a Participant's bill for each kWh of energy reduction during a PTR Event.<sup>6</sup> According to REC, the more a Participant reduces energy consumption during PTR Events, the more credits the Participant will receive.<sup>7</sup> REC will determine a Participant's energy reduction during a specific PTR Event by using algorithms to develop a baseline usage level and comparing the Participant's reduction in energy usage during the PTR Event to the Participant's baseline usage.<sup>8</sup>

REC states that it will randomly solicit customers to participate in the pilot program; participation will be limited to 200 customers in the first year, and up to 1,000 customers in the second year.<sup>9</sup> To participate in the PTR Pilot, a customer must: (i) be a resident in a single-family home, multi-family home, apartment, or manufactured home; (ii) be served by Schedule A-1 (Residential and Church Service); (iii) be enrolled as a user of MyRECSmartHub, a two-way communications web and mobile app that is used for real-time account management; (iv) be able to receive short message service (SMS) texts, emails, or push notifications from REC or MyRECSmartHub via smartphone or computer; and (v) not be a participant in REC's Smart Response A/C Switch program or Wi-Fi thermostat pilot program.<sup>10</sup> According to the

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<sup>5</sup> *Id.* at 9.

<sup>6</sup> *Id.* at 4, 6.

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> *Id.* at 2, 8. The Cooperative asserts that it will provide information to educate potential Participants about the PTR Pilot. *Id.* at 8.

<sup>10</sup> *Id.* at 8.

Cooperative, there are no enrollment or participation fees, and customers may elect to withdraw from the PTR Pilot at any time without penalty.<sup>11</sup>

REC also seeks to make any necessary adjustments administratively to the credit rate or the methodology for calculating a Participant's baseline usage (for the second year of the two-year PTR Pilot ("Year Two")) through an annual report submitted to the Commission's Staff ("Staff").<sup>12</sup>

On December 30, 2019, the Commission issued an Order for Notice and Comment that, among other things, docketed the matter; directed REC to provide public notice of its Application; provided interested persons an opportunity to file comments on the Application, file a notice of participation as a respondent, or request that a hearing be convened; and directed Staff to investigate the Application and present its findings and recommendations in a report ("Report" or "Staff Report").

No public comments, notices of participation, or hearing requests were received. On February 28, 2020, Staff filed its Report. In the Report, Staff recommends approval of the PTR Pilot, effective for service rendered on and after June 1, 2020, with certain revisions and additional information.<sup>13</sup> Specifically, Staff recommends: (i) including a provision in Schedule PTR that Participants must be enrolled as a MyRECSmartHub user and must be able to receive SMS texts, emails, or push notifications from REC or MyRECSmartHub via smartphone or computer to participate in the pilot program; (ii) directing the Cooperative to evaluate, in addition to the baseline calculation methodology proposed by REC, methodologies that either

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 11.

<sup>13</sup> Staff Report at 13.

link a Participant's baseline to the household's peak load contribution ("PLC Methodology") or cluster Participants by similar baselines to determine a baseline that is representative of the grouped Participants ("Cluster Methodology");<sup>14</sup> (iii) adopting annual reporting requirements that include (a) enrollment rates, measured by the number of customers enrolled over the number of customers solicited, and (b) Participant satisfaction survey results regarding communication preferences, general Participant satisfaction, reported behavioral changes, and optionally, demographic information such as age, income range, owner or renter status, and housing type;<sup>15</sup> (iv) submitting the annual reports to Staff on or before March 1, 2021, and March 1, 2022; and (v) directing REC to make any additional supporting documentation related to the PTR Pilot available to Staff upon request.<sup>16</sup>

On March 6, 2020, REC filed comments on the Staff Report ("Comments"). In its Comments, REC states that it agrees with most of Staff's recommendations.<sup>17</sup> However, REC requests that the Commission only require the Cooperative to evaluate its proposed baseline calculation methodologies and Staff's PLC Methodology.<sup>18</sup> REC objects to evaluation of Staff's Cluster Methodology, stating that the methodology "is not practicable for REC's PTR Pilot as its application and analysis is beyond the Cooperative's internal skill set and outside the range of services to be provided by its third-party consultant."<sup>19</sup>

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<sup>14</sup> Staff states that it is willing to work with REC to evaluate other baseline methodologies.

<sup>15</sup> Staff states that these requirements should be in addition to the information the Cooperative has agreed to provide in its Application and through discovery.

<sup>16</sup> Staff Report at 12-13.

<sup>17</sup> Comments at 3.

<sup>18</sup> *Id.* at 6, 9.

<sup>19</sup> *Id.* at 6-7.

REC also states that it would prefer not to include demographic information such as age, income range, owner or renter status, and housing type in its annual reports due to cost concerns of gathering that information and due to concerns that members might be reluctant to share such information with the Cooperative and the Commission.<sup>20</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that REC's Application for approval of the PTR Pilot is approved as modified herein.

We find that the recommendations contained in the Staff Report shall be adopted, with the following exceptions. First, for the reasons stated in the Comments, we find that REC is not required to study Staff's proposed Cluster Methodology. Further, we find that REC need not include demographic information in the annual reports it submits to Staff.

REC also seeks to retain the ability to make changes to the credit rate and to the methodology for calculating a Participant's baseline usage for Year Two of the PTR Pilot, if necessary, and to have any such changes approved administratively.<sup>21</sup> Given the specific facts of this case, including the voluntary, experimental nature of the PTR Pilot, we find that REC may administratively adjust the baseline methodology and the credit rate, subject to certain conditions. Specifically, we require REC to: (i) develop a minimum and a maximum credit rate for Year Two of the PTR Pilot and include those minimum and maximum amounts in Section III of Schedule PTR;<sup>22</sup> (ii) inform potential Participants prior to their enrollment in the

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<sup>20</sup> *Id.* at 5. REC also states that such information does not appear to be necessary for evaluation of the PTR Pilot. *Id.*

<sup>21</sup> See Application at 11; Staff Report at 12; Comments at 5.

<sup>22</sup> The credit rate for Year Two of the PTR Pilot may not be set below the minimum or above the maximum amounts set forth in Schedule PTR. As is discussed below, a revised version of Schedule PTR that includes this information, as well as any other necessary revisions, must be filed with the Clerk of the Commission within thirty (30) days of the date of this Order.

PTR Pilot that the baseline calculation methodology and the credit rate are subject to change in the second year of the Pilot, and disclose the minimum and maximum credit rates for Year Two; (iii) provide written notice to all Participants in the PTR Pilot at least thirty (30) days before implementing a new credit rate or changing the baseline methodology in Year Two; and (iv) identify any changes to the baseline methodology or the credit rate in the annual reports the Cooperative submits to Staff.

Accordingly, IT IS ORDERED THAT:

- (1) The PTR Pilot is approved as modified herein.
- (2) The PTR Pilot shall be effective for service on and after June 1, 2020.
- (3) REC shall file, within thirty (30) days of the date of this Order, a revised

Schedule PTR and supporting workpapers with the Clerk of the Commission and with the Commission's Division of Public Utility Regulation as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

- (4) This case is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Garland S. Carr, Esquire, Williams Mullen, 200 South 10<sup>th</sup> Street, Suite 1600, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.