

PROJECT NO. 2008-TX-49-0001

**RESOLUTION ADOPTING STANDARDS REGARDING THE
ENERGY INDEPENDENCE AND SECURITY ACT OF 2007
OF
DENTON COUNTY ELECTRIC COOPERATIVE, INC.
d/b/a COSERV ELECTRIC**

WHEREAS, the Public Utility Regulatory Policies Act of 1978 (PURPA) 18 U.S.C. § 2601 *et seq.*, as amended by the Energy Independence and Security Act of 2007 (EISA 2007), Public Law No. 110-140, 121 Stat. 1492 (2007) (collectively referred to as PURPA EISA 2007), requires non-regulated electric utilities that have total annual retail electric sales greater than 500 million kilowatt hours in 2007 to consider and determine whether to implement ratemaking standards addressing energy efficiency in integrated resource planning, rate design modifications to promote energy efficiency investments, consideration of smart grid investments, and access to smart grid information (PURPA EISA Standards).

WHEREAS, Denton County Electric Cooperative, Inc. d/b/a CoServ Electric (Cooperative) is a non-regulated electric utility with total annual retail electric sales greater than 500 million kilowatt hours in 2007, and has exclusive jurisdiction over the subject matter of this proceeding pursuant to PURPA and Sections 41.055 and 41.061 of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 41.055, 41.061 (Vernon 1998 & Supp. 2005) (PURA).

WHEREAS, in accordance with PURPA Sections 2602(6)(C) and 2621(a)-(c), as amended by EISA 2007, the board of directors of Cooperative (Board), on December 18, 2008, by resolution (EISA Resolution) established a rulemaking project designated Project No. 2008-TX-49-0001 and styled *Proceeding to Consider and Determine Whether to Implement the Federal Ratemaking Standards for Integrated Resource Planning, Rate Design Modifications to Promote Energy Efficiency Investments, Consideration of Smart Grid Investments, and Smart Grid Information pursuant to 16 U.S.C. § 2621(d)(16), (17), (16) and (17) as amended by Pub. L. No. 110-140, 121 Stat. 1492 (2007)*.

WHEREAS, the Cooperative Staff (as such term is used in the EISA Resolution), pursuant to law and this Board's resolution, published notice of this proceeding to its members, customers, wholesale power suppliers, and the Secretary of Energy, as required by law, either directly or through the *Texas Co-op Power* magazine, or the Cooperative's public internet web site, inviting public participation, input and comment by the published deadline of April 6, 2009; and inviting any request for consumer representation by May 6, 2009.

WHEREAS, during the proceeding, Cooperative Staff gathered comments, data, views, arguments, and other evidence addressing the PURPA EISA Standards and authorized a full report and recommendation to the Board.

WHEREAS, no public participation or comment was received or requested, and the Staff studied and formulated a report and recommendation to the Board for consideration of proposed standards. The report and recommendation was developed by Staff in conjunction with Cooperative's consultant, C.H. Guernsey & Company, and was posted on the Cooperative's

website on or before May 7, 2009 for public consideration, and was submitted for Board consideration at the May 14, 2009 Board meeting.

WHEREAS, a previously-noted public hearing on Cooperative Staff's report and recommendation was held by the Board, on June 15, 2009, at which time no member of the public or customer or supplier of the Cooperative made an appearance or a request to participate.

WHEREAS, following the public hearing, the Cooperative Staff made its final report and recommendation on the PURPA EISA Standards to the Board on July 16, 2009. The final report and recommendation was also posted on the Cooperative's website for public review.

NOW, THEREFORE, BE IT RESOLVED, that the Board, after due and deliberate consideration, approves the recommended standards attached hereto regarding the PURPA EISA Standards.

BE IT FURTHER RESOLVED, that the Cooperative Staff, shall implement each approved PURPA EISA Standard referenced, and shall publish this resolution of the Board's final determination on Cooperative's website for public review and in the *Texas Co-op Power* magazine, and shall deliver a copy of this resolution of the Board's final determination to the Secretary of Energy.

Passed and approved this 27th day of August, 2009.

Proposed Standards as Modified

INTEGRATED RESOURCE PLANNING.

COSERV ELECTRIC shall cooperate with its power supplier so its power supplier can—

- (A) integrate energy efficiency resources into resource plans; and
- (B) adopt policies establishing cost-effective energy efficiency as a priority resource.

RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.

(A) IN GENERAL.—COSERV's retail rates shall—

- (i) align utility incentives with the delivery of cost-effective energy efficiency; and
- (ii) promote energy efficiency investments.

(B) POLICY OPTIONS.—In complying with subparagraph (A), COSERV shall consider—

- (i) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;
- (ii) providing incentives for the successful management of energy efficiency programs;
- (iii) 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;
- (iv) adopting rate designs that encourage energy efficiency for each customer class;
- (v) allowing timely recovery of energy efficiency related costs; and
- (vi) offering cost effective energy efficiency programs, offering cost effective 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.

CONSIDERATION OF SMART GRID INVESTMENTS.

(A) IN GENERAL.—COSERV shall, prior to undertaking investments in non-advanced grid technologies, consider an investment in a qualified smart grid system based on appropriate factors, including—

- (i) total costs;
- (ii) cost-effectiveness;
- (iii) improved reliability;
- (iv) security;
- (v) system performance; and
- (vi) societal benefit.

(B) RATE RECOVERY.—COSERV shall consider the recovery factors from members on any capital, operating expenditure, or other costs of COSERV relating to the deployment of a qualified smart grid system, including a reasonable rate of return on the capital expenditures of the cooperative for the deployment of the qualified smart grid system.

(C) OBSOLETE EQUIPMENT.—COSERV shall consider deploying a qualified smart grid system to recover in a timely manner the remaining book-value costs of any equipment rendered obsolete by the deployment of the qualified smart grid system, based on the remaining depreciable life of the obsolete equipment.

SMART GRID INFORMATION.

(A) **STANDARD.**—COSERV will provide direct access, in written or electronic machine-readable form as appropriate, to information to its members as provided in subparagraph (B).

(B) **INFORMATION.**—Information provided under this section, to the extent practicable and applicable to the member, shall include:

(i) **PRICES.**—Members and other interested persons shall be provided, to the extent practicable and applicable to the member, with information on—

(I) time-based electricity prices in the wholesale electricity market; and

(II) time-based electricity retail prices or rates that are available to the purchasers.

(ii) **USAGE.**—Members shall be provided, to the extent practicable and applicable to the member, with the number of electricity units, expressed in kwh, purchased by them.

(iii) **INTERVALS AND PROJECTIONS.**—Updates of information on prices and usage shall be offered, to the extent practicable and applicable to the member, on not less than a daily basis, shall include hourly price and use information, where available, and shall include a day-ahead projection of such price information to the extent available.

(iv) **SOURCES.**—Members and other interested persons shall be provided, to the extent practicable and applicable to the member, annually with written information 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.

(C) **ACCESS.**—Members shall be able to access, to the extent practicable and applicable to the member, their own information at any time through the Internet and on other means of communication elected by that utility for Smart Grid applications. Other interested persons shall be able to access information not specific to any purchaser through the Internet. Information specific to any purchaser shall be provided solely to that purchaser.