

**ENERGYUNITED ELECTRIC MEMBERSHIP CORPORATION**

**BOARD OF DIRECTORS DETERMINATION**

**CONSIDERATION OF RESPONSE (DR) PRACTICES IN ACCORDANCE WITH THE  
PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA)**

## **BACKGROUND**

Under the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended by the Infrastructure Investment and Jobs Act of 2021 (IIJA), qualifying utilities are required to promote the use of demand response and demand flexibility practices to reduce electricity consumption during periods of unusually high demand. As part of this directive, qualifying utilities shall consider and determine whether to adopt corresponding standards and initiatives, including rate designs calculated to timely recover the costs of promoting demand-response and demand flexibility practices. (§ 40104)

## **FINDINGS**

The Board of Directors of EnergyUnited EMC, having reviewed and considered all the evidence presented, makes the following findings:

- (1) EnergyUnited Electric Membership Corporation (EnergyUnited EMC or EUEMC) is a rural electric distribution cooperative organized and existing under the North Carolina Electric Membership Corporation Act, N.C. Gen. Stat. § 117-1, et. seq.
- (2) EUEMC is headquartered in Statesville, North Carolina, and serves more than 139,000 meters in Mecklenburg, Gaston, Lincoln, Catawba, Alexander, Wilkes, Yadkin, Iredell, Rowan, Cabarrus, Davidson, Davie, Forsythe, Stokes, Rockingham, Guilford, Randolph, Montgomery, and Stanly counties.
- (3) EUEMC has approximately 250 employees and operates and maintains more than 11,925 miles of energized lines.
- (4) EnergyUnited EMC operates on an entirely non-profit basis, providing electric power to its members at cost, in furtherance of its statutory mandate to promote and encourage “the fullest possible use of electric energy in the rural section of the State by making electric energy available to inhabitants of the State at the lowest cost consistent with sound economy and prudent management of the business of such corporations.” N.C. Gen. Stat. § 117-10.
- (5) Importantly, on all questions relating to rates or services, EUEMC is strictly prohibited from making or granting any unreasonable preference or advantage to any member or class of member. N.C. Gen. Stat. § 117-16.1.
- (6) Otherwise, however, the elected Board of Directors maintains authority and discretion to oversee the business of the corporation, including the regulation of the rates, fees, or charges for services rendered by the corporation.

(7) In accordance with its statutory and regulatory requirements and obligations, EUEMC's ratemaking objectives are based on the following principles:

- a. Recovery of revenue requirements;
- b. Fair distribution of costs;
- c. Provision of accurate price signals;
- d. Revenue stability; and
- e. Rate stability.

(8) EUEMC has a long history of developing and offering numerous programs to its residential, commercial, and industrial customers that promote DR. The following, including the **attached Electric Rate Schedules**, highlight our current practices relative to DR.

- a. EUEMC has a contract with Southern Power for its wholesale power supply; as such, careful coordination of DR programs between EUEMC and Southern Power to reduce its wholesale demand costs or to help avoid capacity-related problems during periods of extreme demand are imperative to ensure effective management of our distribution system.
- b. EUEMC is also a participant with the Distribution Operator (DO) program at North Carolina Electric Membership Corporation (NCEMC). Through this program, a variety of DR mechanisms can be dispatched by EUEMC using signals from NCEMC Distributed Energy Management System (DERMS).
- c. EUEMC currently uses Conservation Voltage Reduction (CVR) as a DR tool that is dispatchable. CVR is a completely passive DR system because no member interaction is required. Therefore, it requires no promotion and no incremental cost to promote. The costs to implement this program were incurred many years ago, and the continuing maintenance of the system is de minimis and adequately captured by the existing rate structure.
- d. EUEMC currently uses Load Management Switches (LMS) installed on residential hot water heaters and air conditioners as a DR tool that is dispatchable. Load Management Switches are a completely passive DR system because no member interaction is required. The costs to implement this program were incurred many years ago, and the continuing maintenance of the system is de minimis and adequately captured by the existing rate structure. The LMS requires no promotion and no incremental cost to promote.

- e. EUEMC operates on cost-based rates. The cost of implementing or promoting additional programs would be recouped through power cost savings of that particular program or rate mechanism borne by participants in the particular programs.
  - i. EUEMC offers **residential Time of Use (TOU) rates** that provide a financial incentive for its member-consumers to reduce consumption during periods of unusually high demand. Members seeking help in managing energy consumption are regularly counseled that TOU rates may be an appropriate solution.
  - ii. EUEMC operates smart thermostat controls through our Peak Time Perks program. EUEMC provides an incentive for residential members that participate on a voluntary basis and allow EUEMC to adjust smart thermostats during peak periods through a DERMS solution. Members are offered an incentive for enrollment and an annual participation credit for continued participation.
  - iii. During periods of extreme demand, EUEMC makes public appeals to conserve via our Beat the Peak program. EUEMC also routinely promotes energy efficiency and conservation through its existing marketing and communications channels.
  - iv. EUEMC offers commercial Curtailable Service Rider (CS) on a voluntary basis, as a companion schedule, to any commercial member with a verifiable curtable load of at least 25 kW and taking service under the Cooperative's Small General Service (SGS), Medium General Service (MGS), Large Power Service (LPS), or Large Power Contract Service (LPCS) schedules. Members agree, at the Cooperative's request, to reduce and maintain their load at a level specified in the individual contract between the Cooperative and the member in exchange for a monthly demand discount per the CS.
- f. EUEMC publishes its entire rate schedule on its website and will provide its rate schedule to any member upon request by that member. EUEMC's rates are filed with the North Carolina Utilities Commission (NCUC) and the North Carolina Rural Electrification Administration, (NCREA).

#### **DETERMINATION**

The Board of Directors of EnergyUnited EMC, based upon the preceding findings, makes the following determination:

EUEMC already implements and promotes DR and demand flexibility practices that encourage all classes of service to reduce electricity consumption during periods of high demand. All rates and incentives are cost-based and designed to recover any additional expense for the promotion and implementation of DR programs. Furthermore, EUEMC must ensure all DR programs are coordinated with its wholesale power provider, Southern Power, to avoid cost-shifting to other members within the wholesale power portfolio. EUEMC will continue to

evaluate its DR and demand flexibility practices and associated rate mechanisms. Otherwise, however, EUEMC is prohibited from making or granting any unreasonable preferences or advantages to any rate class, as any such subsidy would adversely impact other members and have an inequitable impact on economically disadvantaged members. Accordingly, the Board of Directors does not recommend adopting additional DR programs or other standards at this time.