



**Nebraska Public Power District**

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# NPPD Wholesale Green Rate Concepts

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# Introduction

- This rate is still in the conceptual/development stage: No rate schedule has been approved by the NPPD Board
- Wholesale rate, not a retail rate
  - NPPD sells the green rate product to their interested wholesale customers (76 public power districts and municipalities)
  - Wholesale customer can keep the green power for themselves, or repackage/resell to their interested end-use retail customers

# High-Level Goals

- Design a new wholesale Green Rate that will pass through the incremental costs or savings NPPD incurs from renewable resources to those wholesale customers that agree to pay for such costs
- Develop a framework that can apply to potential future renewable resources
- Provide a product that is responsive to end-use customer requests for green power
  - Environmental attributes (RECs)
  - Hedge against future energy prices

# End-Use Customer Needs

- End-use customers will likely have different desires for a green rate
  - Residential: smaller purchase, short-term commitment
  - Industrial: larger purchase, desire for a price hedge, ability to point to a specific resource, willing to make long-term commitment
- To satisfy both, may be necessary to have two “products” within the Wholesale Green Rate

# Potential Products

- Product 1: Sell specific share (% or MW amount) of a new wind resource
  - Target group is larger industrial and commercial customers
  - Long-term agreement (e.g., 20 years)
  - Provides customer with a price hedge (PPA price is locked-in)
  - Provides customer with ability to point to a specific resource
- Product 2: Sell “blocks” of green energy from NPPD’s existing wind portfolio
  - Target group is residential and smaller commercial customers
  - Short-term agreement (e.g., 1 year)
  - Does not provide customer with a price hedge
  - Comparable to many other utilities’ green rate programs

# Product for Industrial Customers (Sell specific share of a new resource)

- Minimum commitment: 1,000 kW?
  - Wholesale customer charged based on their percentage share of actual energy output from the wind farm each month
- Term: equal to the term of the PPA?
- Incremental cost/savings for green energy: equal to the difference between 1) the PPA energy price, and 2) NPPD's estimated avoided energy costs
- Renewable Energy Certificates
  - Attestation form provided to wholesale customer
  - Green-e certification available with customer paying the additional cost
- Transmission wheeling (115 kV and higher)
  - No incremental charges are expected
- Subtransmission (69/34.5 kV) wheeling
  - Arrangements will vary depending upon interconnection
  - Any charges to NPPD will be passed through to the participating wholesale customer(s)
- Service agreement(s): details still to be developed

# Product for Residential/Small Comm. Customers (Sell blocks of power from existing resources)

- Block size: 1,000 kWh/month?
- Minimum block purchase: one?
- Length of commitment: 1 year?
  - Overlapping purchases are likely (e.g., purchase 3 blocks in March, and 2 additional blocks in June)
- Incremental cost for green energy: equal to the difference between 1) the forecasted weighted average cost for NPPD's existing portfolio of wind resources, and 2) NPPD's estimated avoided energy costs
- Renewable Energy Certificates
  - NPPD retires RECs on behalf of customer, or is attestation form necessary?
- Service Agreement
  - Documents number of blocks purchased and start/end date
  - Details still to be developed

# Retail Green Rate

- Ultimately, each participating wholesale customer will need to develop a method for passing-through the wholesale Green Rate to their interested retail customers

# Tentative Schedule

- First Quarter 2013 – NPPD Board consideration of proposed Wholesale Green Rate Schedule
  - Development of retail green rates by NPPD and its wholesale customers to follow (pending approval of the wholesale rate)



# Questions?