

OCEC Rate Design Town Hall Questions and Answers – February 2025

January Town Hall

1. Does the demand charge reset or does one peak “chase” you all year?
 - OCEC resets the demand billing determinant (highest 15-minute average kW) every month and the demand charge is a one-time monthly charge based on that billing month’s peak kW.
 - The previous month’s peak kW does not affect the next month’s demand billing determinant and monthly demand charge.
 - For Priority #3 OCEC will be reviewing the highest annual peak kW for the previous year to determine appropriate rate classification.
2. Is OCEC considering a Time of Use (TOU) rate to incentivize Members to reduce peaks during periods of high usage on the OCEC distribution system?
 - TOU rates are typically used to send price signals showing the difference in wholesale electricity pricing between high-usage and low-usage periods. OCEC is not considering a TOU rate and leaving the recovery of wholesale power costs in the kWh energy rates. Those energy rates are currently flat across the year.
 - The demand charge recovers the costs of maintaining, improving, and repairing the infrastructure necessary to meet the entire distribution system. This cost recovery does not utilize the time of use and recovers each Member’s fair share of their usage of the distribution system when that Member reaches their peak kW.
 - OCEC designs and builds the distribution system to a maximum peak usage scenario to ensure reliability during extreme weather conditions.
 - OCEC’s strategy for reducing the entire distribution system peak usage is educating the Members on typical periods of high-use and ways for Members to reduce their peak usage during those times.
3. If a Member peaks in the middle of the night would the demand charge still apply?
 - Yes. The demand charge recovers the costs of maintaining, improving, and repairing the infrastructure necessary to meet the entire distribution system. This cost recovery does not utilize the time of use and recovers each Member’s fair share of their usage of the distribution system when that Member reaches their peak kW.

4. OCEC has decided in the past to not charge irrigation members the full cost of service and subsidize those two rate classes to support local agriculture, with the proposed rate increases is that still the position of OCEC?
 - The Cost of Service Analysis (COSA) that OCEC is using to guide the rate design plan changes did have a material increase proposed for the irrigation single and three phase rate classes. The OCEC board considered the impacts of moving those rate classes to the full cost of service and decided to increase the rates to a 50% subsidy compared to full cost of service.
 - By continuing to subsidize the irrigation rate classes compared to cost of service OCEC is continuing to support local agriculture.
5. Is OCEC looking at replacing current metering technology with newer meters that have more capabilities for Time of Use (TOU)?
 - OCEC is putting together a meter replacement plan for the OCEC Board to review.

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6. Would it be possible to put a “cap” on how high the demand rate may go in the future?
 - The rate design plan introduces and increases the demand charge to \$2.50/kW in 2028 for G1 and G2 rate classes. The energy rate will go down to keep the class revenue neutral, but individual Members may see increases or decreases based on their usage and behavior.
 - The demand charge recovers the costs of maintaining, improving, and repairing the infrastructure necessary to meet the entire distribution system. This cost recovery does not utilize the time of use and recovers each Member’s fair share of their usage of the distribution system when that Member reaches their peak kW.
 - OCEC plans to perform another Cost of Service Analysis (COSA) in 2027 with data from 2024/2025/2026 to inform any potential changes to the rates.
 - The intent of all rates for all classes is to recover the cost of the service and collect a reasonable margin to keep the cooperative financially strong. Any margins at the end of a year are returned to the Members at a later date, maintaining the non-profit status of the cooperative.
7. Is OCEC considering offering incentives to Members to reduce peak usage during times where the distribution system as a whole is stressed (i.e. winter cold snap)?

- OCEC is not considering incentives to Members to reduce peak usage.
 - OCEC is working to provide education to the Members around typical peak times, ways to reduce peak usage, and home appliances that contribute to peak.
8. Will OCEC display peak kW on SmartHub for Members to view?
- We do not currently display more granular data on SmartHub than hourly energy usage.
 - Members can download their daily kW information through SmartHub but it is not displayed in the application.
 - OCEC will continue to review the meter data management system and what data could be displayed in the SmartHub application.
9. If these rates are revenue neutral based on current behavior and usage and Members adjust their behavior and usage in the future what impact would that have on revenue collection?
- OCEC plans to perform another Cost of Service Analysis (COSA) in 2027 with data from 2024/2025/2026 to inform any potential changes to the rates.
 - If OCEC identifies changes to revenues based on the new rate design there may be adjustments to base charges, energy rates, or demand rates for each class.
10. Is OCEC considering any programs to reduce distribution system peak usage to reduce wholesale power costs for peak demand?
- OCEC has applied for multiple state grants to deploy a battery system on the distribution system for peak shaving and wholesale power cost reduction purposes.