

Randolph Electric Membership Corporation

MANAGEMENT REPORT AND RECOMMENDATION ON  
DEMAND RESPONSE (DR) PRACTICES  
IN ACCORDANCE WITH THE  
PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA)

**A. PURPA Demand Response (DR) Practices Standard**

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)

**B. Randolph Electric Membership Corporation's Consideration of PURPA Standard**

- (1) Randolph Electric Membership Corporation (Randolph EMC or REMC) 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) REMC is headquartered in Asheboro, North Carolina, and serves more than 33,000 meters in Alamance, Chatham, Montgomery, Moore and Randolph counties.
- (3) REMC has approximately 83 employees and operates and maintains more than 4,400 miles of energized lines.
- (4) Under Chapter 117, Randolph 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, REMC 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, REMC’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) REMC 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. REMC has an all-requirements contract with North Carolina Electric Membership Corporation (NCEMC) for its wholesale power supply; as such, careful coordination of DR programs between REMC and NCEMC are imperative to ensure that they are effective.
- b. REMC is an active participant with the Distribution Operator (DO) program at NCEMC. Through this program, a variety of DR mechanisms can be dispatched using the NCEMC Distributed Energy Management System (DERMS).
- c. REMC currently uses Conservation Voltage Reduction (CVR) as a DR tool that is dispatched by NCEMC as the DO, and implemented through the DERMS system
- d. 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.
- e. REMC 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.
- f. REMC offers commercial and 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.
- g. During periods of extreme demand, REMC makes public appeals to conserve. REMC also routinely promotes energy efficiency and conservation through its existing marketing and communications channels.
- h. REMC publishes its entire rate schedule on its website, and will provide its rate schedule to any member upon request by that member. REMC's rates are filed with the North Carolina Utilities Commission (NCUC) and the North Carolina Rural Electrification Administration, (NCREA).

**C. Recommendation**

REMC 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, REMC must ensure all DR programs are coordinated with its wholesale power provider, NCEMC, to avoid cost-shifting to other members within the wholesale power portfolio.

REMC will continue to evaluate its DR and demand flexibility practices and associated rate mechanisms. Otherwise, however, REMC 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, staff does not recommend adopting additional DR programs or other standards at this time.