



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: October 18, 2021

Re: Amending Chapter 27 to establish an Electric Standby and Supplemental Service Rate for Industrial Customers.

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 27 to establish an electric standby and supplemental service rate for industrial customers. This rate would apply to industrial customers that install on-site generation and/or combined heat and power systems.

Discussion

Plumrose USA is constructing a manufacturing facility at 5008 Paris Road that will produce Italian meats. The City and Plumrose USA entered into a Cooperative Development Agreement related to this project in March 2021. Since that time, Plumrose has been considering the installation of on-site electric generation and/or a combined heat and power system. Plumrose USA inquired about the possibility of the City approving an electric standby and supplemental rate similar to tariffs offered by other electric providers.

Upon their request, staff worked with Horizon Energy, the consultant working on the electric utility's on-going cost of service study, to develop a proposed standby rate structure. The rate is for industrial customers with large electric loads that install on-site generation and/or combined heat and power systems. Customers that install these systems plan to produce a portion of their own power, but need to rely on the electric utility to be available to provide back-up power and power above the capacity of their on-site generation equipment. This proposed rate would be an option for industrial customers and does not replace the utility's existing industrial rates. Horizon Energy was able to leverage the information and work performed they have completed on the electric cost of service study to assist with development of this rate. The rate includes the following charges: administrative charge, customer charge, distribution delivery charge, summer and non-summer demand charge, summer and non-summer energy charge, transmission demand charge and transmission energy charges. The rate for each of these charges was designed to recover the electric utility's costs regardless of the performance of the customer's on-site generation facilities.

Customers that want to take advantage of the proposed standby and supplemental rate will need to enter into a customer specific contract. These contracts will be tailored for the customer installation and consider items such as the customer's connected load, the capacity of their on-site generation, maintenance requirements, electric utility service requirements, etc. These project specific contracts will require approval by Council.



City of Columbia

701 East Broadway, Columbia, Missouri 65201

The proposed rate was presented to the Water and Light Advisory Board at the July 7, 2021 meeting. The Water and Light Advisory Board voted unanimously to endorse the rate at the August 4, 2021 meeting.

Fiscal Impact

Short-Term Impact: None

Long-Term Impact: None

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Reliable Infrastructure, Secondary Impact: Resilient Economy, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Economic Development, Tertiary Impact: Not Applicable

Legislative History

| Date | Action |
|------|--------|
| None | None |

Suggested Council Action

Approval of the ordinance to amend Chapter 27 to include an electric standby and supplemental rate for industrial customers.