



TENNESSEE VALLEY AUTHORITY

Notice of Determinations on the Demand Response and Electric Vehicle Standards

AGENCY: Tennessee Valley Authority.

ACTION: Notice of determinations on the PURPA Standards set forth in the Infrastructure Investment and Jobs Act of 2021.

SUMMARY: At its meeting on November 9, 2023, in Tupelo, Mississippi, the TVA Board made its determinations on the PURPA standards as set forth in the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended by the Infrastructure Investment and Jobs Act of 2021 (IIJA). The TVA Board considered the standards in accordance with PURPA and the objectives and requirements of the Tennessee Valley Authority Act of 1933, as amended (TVA Act).

FOR FURTHER INFORMATION CONTACT: Troy Eichenberger (Demand Response), (423) 751-6187, or Andrew Frye (Electric Vehicles), (423) 751-7060, Tennessee Valley Authority.

SUPPLEMENTARY INFORMATION: The Public Utility Regulatory Policies Act of 1978 (Pub. L. 95-617) (PURPA), as amended by the Infrastructure Investment and Jobs Act of 2021 (Pub. L. 117- 58) (IIJA), requires TVA to consider adopting for itself and the distributors of TVA power two new PURPA standards. The standards considered are listed in subsections 111(d)(20)-(21) of PURPA, as amended by the IIJA of 2021. These two standards are identified as Demand-Response Practices and Electric Vehicle Charging Programs. The TVA Board is charged with considering and making determinations on whether or not it is appropriate to implement each standard. Data, views, and comments were requested from the public as to the need and desirability of adopting the standards. In addition to posting a notice in the Federal Register on November 15, 2022 (87 FR 68569), which described the standards and solicited public input on the standards, TVA also provided a PURPA website (www.tva.com/purpa) for purposes of educating the public on the standards and

soliciting public input. TVA also provided an overview of the Demand Response and Electric Vehicle standards to the Regional Energy Resource Council (RERC), an advisory committee established under the authority of the TVA in accordance with the provisions of the Federal Advisory Committee Act. All public input received on the standards has been included in the official record and made available to the public through the website.

TVA's process for considering and making determinations on the new PURPA standards was carried out pursuant to the provisions of (a) PURPA, under which TVA is identified as the regulatory authority for electric utilities over which TVA has ratemaking authority, and (b) the Tennessee Valley Authority Act of 1933, 48 Stat. 58, as amended, 16 U.S.C. 831-831dd (2007) (TVA Act). After consideration of the initial comments and materials received, TVA staff developed recommendations on each of the standards. All comments from the public, as well as the TVA staff recommendations, have been made a part of the official record and have been made available to the public through the website.

The TVA Board considered these standards on the basis of the PURPA purposes, which are the 1) conservation of energy, 2) efficient use of facilities and resources, and 3) equity among electric consumers, and the objectives and requirements of the TVA Act. The Board took into account these considerations as well as the official record developed during the consideration process in reaching the determinations below.

The Board's determinations are as follows.

Standard 20: Demand-Response Practices

I. Standard Under Consideration

(A) In general

Each electric utility shall promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

(B) Rate recovery

(i) In general – Each State regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the State regulatory authority has ratemaking authority to timely recover the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

(ii) Nonregulated electric utilities – A nonregulated electric utility may establish rate mechanisms for the timely recovery of the costs of promoting demand response and demand flexibility in accordance with subparagraph (A).

II. Observations

Demand response (DR) focuses on reduction of peak demand. To reduce peak demand, TVA contracts with local power companies (LPCs) that distribute TVA power, TVA directly served customers, and LPC end-use customers to reduce energy use to specific levels when dispatched by TVA Operations. Through broad internal and external collaboration, TVA has developed a portfolio of program offerings that are designed to benefit TVA's resource planning resources as well as the growing energy needs and reserve requirements. These resources currently provide up to 1,700 MW of carbon-free, dispatchable capacity achieved by three programs: Interruptible Power, Peak Power Partners, and Voltage Optimization. The programs help manage system demand load during peak hours.

Current programs achieve demand reduction targets identified by TVA's long-range planning and annual power supply plans, and demand response is an essential component of the Integrated Resource Plan (IRP), which is a comprehensive study of how TVA can best deliver clean, reliable, and low-cost energy for the Valley's future. These plans each recommend continuing to add capacity to TVA's existing DR programs and to develop new DR programs.

Existing demand response programs, and others that TVA may develop in the future, will continue to be an integral part of TVA's resource planning and system operations. TVA's existing approach to demand response is consistent with the intent of the standard that is under consideration. TVA has a process for LPCs to request cost recovery, which can

include the costs associated with promoting demand response. LPC rate requests are reviewed and, where appropriate, approved through a TVA Board-approved rate review procedure. Costs associated with participating in a TVA program would generally be considered appropriate costs for recovery. TVA also factors its own demand response costs into its long-term financial planning.

Because TVA's approach to DR depends upon collaboration with customers and encouraging participation in DR programs, the proposed demand-response practices standard under consideration was revised to build upon historical success and reflect the importance of this collaborative approach.

III. Determination by the TVA Board

The standard under consideration is revised and adopted as follows:

TVA will leverage the public power model and its decades of experience in offering demand response programs to maximize demand response benefits for its power system, local power companies that distribute TVA power, and directly served customers. TVA will consider adding capacity to its existing demand response programs and developing additional demand response programs, when economic, reliability, and decarbonization needs merit changes to the demand response portfolio. As the nation's largest public power producer with a mission to deliver affordable and reliable power, TVA will continue to work with local power companies, directly served customers, federal customers, and end-use customers to ensure demand response programs are effective and meet the needs of the Valley.

Standard 21: Electric Vehicle Charging Programs

I. Standard Under Consideration

Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that —

- (A) promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;
- (C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and
- (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

II. Observations

The importance of electricity and TVA power has had a profound impact on the region.

Today, the electrification of transportation offers similar transformative growth with environmental and economic benefits for the region. TVA is partnering with state agencies, local power companies (LPCs) that distribute TVA power, automotive manufacturers and other stakeholders to promote the adoption of electric vehicles (EVs) by addressing the major market barriers facing consumers: improving charging infrastructure availability, setting innovative and supportive policies, expanding EV availability and offerings, and increasing consumer awareness.

TVA is heavily involved in promoting the adoption of EVs, including leading a collaboration with LPCs and other regional partners to develop one of the nation's most comprehensive publicly accessible EV fast charging networks. TVA also works with LPCs to offer affordable rate options for public EV fast charging that remove demand charges and are designed to accelerate public and private investment in EV infrastructure. Additionally, TVA is focused on increasing awareness and education of electric transportation through resources to educate and support residents with their residential, commercial, and public charging needs.

EV programs are executed in conjunction with and support from LPCs based on the unique relationship between TVA and its wholesale customers and because EV charging deployment occurs at the distribution level. TVA will continue to promote EV adoption in a manner that is consistent with TVA's obligations under the TVA Act. The proposed

electric vehicle charging programs standard under consideration was revised to build on existing efforts of TVA and LPCs and to account for the respective roles of TVA and LPCs. TVA will also continue to examine and develop other programs that promote adoption of EVs, including consideration in future rate actions and various energy programs.

III. Determination by the TVA Board

The standard under consideration is revised and adopted as follows:

TVA will continue to leverage its role as a leader in innovation and economic development for the benefit of the Tennessee Valley region. As the wholesale provider of electric power to local power companies (LPCs) that distribute TVA power, TVA will serve as a catalyst for electric vehicle adoption. TVA will also continue to collaborate with LPCs to ensure that affordable energy is available for residential, commercial, and public customers consistent with the requirements of the TVA Act. The public power model will provide the foundation for an improved customer charging experience and competitive charging market to expand electric vehicle adoption in the Tennessee Valley.

Dated: April 18, 2024.

The Executive Vice President, General Counsel & Corporate Secretary of Tennessee Valley Authority, David Fountain, having reviewed and approved this document, is delegating the authority to sign this document to Edward C. Meade, Assistant Corporate Secretary, Associate General Counsel, Director of Commercial Law for publication in the **Federal Register**.

Edward C. Meade,
Assistant Corporate Secretary,
Associate General Counsel,
Director of Commercial Law,
Tennessee Valley Authority .

[FR Doc. 2024-08917 Filed: 4/25/2024 8:45 am; Publication Date: 4/26/2024]