

WPPI Energy recently implemented a New Load Market Pricing (NLMP) wholesale cost schedule aimed at helping members stay competitive with similar products offered by other utilities. Interested members now have the option to implement the corresponding market-based retail rate structure for eligible customers.

## Overview

Sometimes referred to as growth or economic development rates, retail NLMP utility rates have the potential to provide a market-based discount that can encourage existing customers to expand and new customers to locate in the utility's service area.

With current wholesale market prices for energy lower than the typical utility's average cost of service\*, encouraging a customer to locate or expand load in the community with an NLMP rate can offer a customer with cost savings for the four years allowed under the rate and help boost the local economy.

Over the longer term, the utility and its customers may benefit from the added jobs, taxes and ancillary business growth gained through the addition of new or expanded load. And, because the NLMP schedule is priced at cost, the initial discount to the new or expanding customer will not impact costs for the local utility's non-participating customers or for WPPI Energy's membership as a whole.

## Concept

The NLMP schedule provides a limited option for members to offer market-based pricing to existing retail customers that are expanding by at least 500 kilowatts (kW) or to new customers that have an expected demand of at least 500 kW.

The NLMP schedule needs to be used in conjunction with a retail tariff to deliver wholesale market pricing to an eligible retail customer. For qualifying new load, the utility would pass through to the customer the utility's wholesale costs from WPPI Energy under the NLMP schedule for transmission and market-based power, along with appropriate distribution costs. The utility's standard retail rate would apply to the rest of the customer's load. After the NLMP term of four years, the customer's entire load would be served at the standard rate.

The rate, which is structured very similarly to market-based options implemented by investor-owned utilities in the region, is not available for customers transferring load from one WPPI

Energy member to another or—in Wisconsin— from one utility to another. In order for a qualifying customer to participate, the utility will need to put in place 15-minute interval metering for the customer and implement other related billing practices.

## Rate Structure

- » The member retail rate applies up to baseline levels and the NLMP applies for the increment above baseline levels.
- » In order to determine the amount of incremental load a customer could purchase under the retail NLMP tariff, and the supplying member could in turn purchase from WPPI under the NLMP schedule, baseline values need to be established for peak demand, on-peak energy and off-peak energy by month. The incremental load would then be calculated as the actual load minus the baseline values for that month.
- » Baseline levels apply for the whole term.
- » For existing customers, the baseline is from the most recent 12 months (historical).
- » For new customers, the baseline is 70% of expected load. The baseline is then updated once to 70% of the actual first-year load.
- » The NLMP has two pieces:

1. Member retail NLMP tariff passes through WPPI's NLMP wholesale schedule, plus distribution costs (if appropriate)
2. WPPI NLMP wholesale schedule provides:
  - » Capacity priced at the cost of the Midwest Independent System Operator (MISO) annual capacity auction,
  - » Transmission charged at WPPI's average cost of transmission, and
  - » Energy priced at MISO's hourly locational marginal price plus the associated MISO fees as detailed in the tariff.

# New Load Market Pricing

## WPPI Role

- » For Wisconsin members, WPPI can file the retail NLMP tariff with the state Public Service Commission (PSC).
- » WPPI will work with the member to complete the application, calculate baselines and communicate expectations with the customer.
- » At the wholesale level, the WPPI NLMP schedule can accommodate up to 25 MW of new load for the membership.

## Member Role

- » In Wisconsin, the retail NLMP tariff requires PSC approval. Members can notify WPPI if/when the utility is ready to implement the tariff. The tariff can also be filed during a rate filing application.
- » In Iowa and/or Michigan, the member's governing body would need to approve a retail NLMP tariff similar to those used by Wisconsin members.
- » In order for a qualifying customer to participate, the utility will need to put in place 15-minute interval metering for the customer and implement other related billing practices (i.e. implement WPPI Large Power Metering & Reporting Service and bill on a calendar-month basis).

## Customer Role

A customer would need to meet the following criteria in order to participate:

- » Add incremental load of at least 500 kW
- » Have available 15-minute interval data
- » Complete an application for participation and receive approval from both the member and WPPI
- » Individual customers are able to participate up to a maximum of 10 MW for four years at which time the customer will be served under the terms of the applicable standard retail tariff.
- » The program is not available for customers transferring load from another WPPI member or from a Wisconsin utility.
- » Customer bears market price risk during the term, except for early termination off-ramp.

*\*A participating customer could expect to save as long as current market conditions prevail. Pricing under this program may be very volatile, however, and the customer bears the risk of that volatility. To help with this risk, the program will allow a customer to terminate service under the retail NLMP tariff on any annual anniversary date of that service upon 30-day notice. In that case, the customer would revert to the applicable standard retail tariff early.*

## CONTACT



**Jake Oelke**  
Vice President of Energy Services  
joelke@wppienergy.org  
608-834-4500