

1 Q. Please provide a summary of utility practices in Canada and the United States with  
2 respect to the embedded cost of service approach for classification of purchases  
3 from wind generation between demand and energy.

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6 A. The available data are provided below. A summary of all utility practices was not  
7 readily available.

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9 Nova Scotia Power Company (NSPI)

10 Since 2002 wind has been split between fixed and variable on a 30% / 70%. The  
11 fixed portion of wind purchases are further split between demand and energy  
12 based on a regulatory requirement to 30% demand and 70% energy, resulting in a  
13 final split of 91% energy and 9% demand. The classification of wind energy is  
14 currently one of the items under consideration at a regulatory proceeding.

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16 BC Hydro

17 All IPP costs (including co-generation, small hydro and wind) are classified 100% to  
18 energy. The BCUC's 2007 rate design decision stated that BCH should review its  
19 methodology for classifying IPP resources, which will be done in BC Hydro's next  
20 rate design application in 2015.

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22 SaskPower

23 SaskPower conducted a wind capacity study to examine whether there was any  
24 justification for assigning a capacity value for wind. As a result of that study,  
25 SaskPower found that a 20% capacity value should be assigned to its wind turbines  
26 in the Cost of Service for 2010 and beyond. The study and findings were accepted  
27 by the Saskatchewan Rate Review Panel.

1        Austin Energy (TX)

2        In a Revenue Requirement and Cost of Service Rate Review by R.W. Beck in  
3        February 2011, wind resources are categorized as base load. Under the Base-  
4        Intermediate-Peaking (BIP) allocation methodology, baseload production costs are  
5        allocated to meet system average demand, which is equivalent to system energy,  
6        and therefore allocated to customer classes based on energy sales.

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8        MidAmerican (Iowa)

9        In its current rate case filing before the Iowa Utilities Board, MidAmerican classified  
10       wind in its Cost of Service Study based on system load factor but proposed alternate  
11       methodologies for classifying wind for the Board's consideration. The final order is  
12       expected in March 2014.

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14       Colorado Department of Regulatory Agencies

15       Colorado utilities attribute a demand component to wind in their Cost of Service  
16       Studies, generally around 12% of the nameplate rating of the turbines, based on  
17       studies showing contribution to the peak.

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19       Regional Transmission Operators and Independent System Operators

20       Reserve margin requirements – With some exceptions, a number of jurisdictions in  
21       the U.S. and Canada credit wind capacity at 35% of its nameplate capacity for  
22       planning purposes. The areas reviewed include:

- 23       • The northeast region (PGM, NY, New England, Ontario, Hydro Québec and the  
24       Maritimes);
- 25       • Midwest (35% except MISO is 14.1%);
- 26       • WECC (western US and Canada including California, Arizona, Alberta Colorado  
27       and the northwest part of the US);

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- 1           • SPP which is 30% (Entergy, Florida, Carolinas, Southern Company, TVA and parts  
2           of PGM and Kentucky); and  
3           • ERCOT (Texas) that uses 8.7%.
- 4           Within each area ISOs and individual states may have resource requirements that  
5           differ from the control areas.