



## FREQUENTLY ASKED QUESTIONS

Changes to our electric rates this year have resulted in a significant number of questions. We've attempted to answer some of the most common ones below.

### Did the San Luis Valley REC raise electric rates to collect more revenue overall?

We expect to generate about the same amount of revenue from electric consumers this year and next year as we did last year. Although we've heard concerns from some members who saw their bills increase, there has been a roughly equal amount of savings for other members. The goal was **not** to generate more overall revenue but to more equitably share costs among members based on how and when they use power and the demands they put on the electric grid, the system of power generation, transmission and distribution that provides reliable power 24/7.

### Why were the rates revised again this year, starting Dec. 1?

REC members concerned that they were paying more under the new rate structure filed complaints with the Colorado Public Utilities Commission. One complaint was filed by a couple dozen members and another was filed by the Town of Crestone. Earlier this year there was a preliminary hearing to discuss those complaints, but it was agreed to try mediation instead to see if an agreement could be reached without a drawn-out and potentially expensive legal process. In line with the agreement reached in the mediation process, the demand charge was significantly reduced, effective Dec. 1 and will remain at that rate until April 1, 2021.

### Why is it important to measure and charge for spikes in demand?

Demand pricing more fairly shares the costs that these spikes in electricity usage place on the electric grid. It can encourage people to make simple adjustments to their electricity usage patterns to reduce overall costs to the system – and that benefits everyone.

The electric grid must have enough capacity to meet the highest spikes in demand when a lot of consumers use a lot of power at the same time. Spreading out electricity use and avoiding big spikes reduces the demands on – and the overall costs of maintaining – the power grid. Remember that users can moderate these spikes in usage. One example would be staggering when they run appliances that use a lot of power and not turning them all on at once.

### Why were demand charges introduced for residential consumers?

Electric rates with a demand component, which charges for relatively brief spikes in a member's electricity usage, have been around for a long time for farmers who irrigate and other large commercial users. But previously, the technology didn't exist to measure these spikes in usage among residential consumers.

In the last few years, the REC has changed residential members' meters. The new meters allow the REC to measure not just how much total electricity consumers use over a month but more precisely when that electricity is used.



### Do you have additional questions about these issues?

Email them to [jalonzo@slvrec.com](mailto:jalonzo@slvrec.com) and we'll pick questions to answer in future editions of the Newsboy.