Direct Testimony
of
Joshua R. Warmack

Regarding PURPA 111(d) Standards
in the
Infrastructure Investment and
Jobs Act of 2021

Prepared By
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On Behalf of
The Management and Staff of
Sawnee Electric Membership Corporation

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PREPARED DIRECT TESTIMONY

OF

JOSHUA WARMACK

1. Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.

A. My name is Joshua R. Warmack, and my business address is 4170 Ashford Dunwoody Road, Suite 550, Atlanta, Georgia 30319.

2. Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a Vice President and Managing Partner of EnerVision, Inc. (EnerVision), a utility consulting firm that specializes in providing business, management, and technical services to electric utilities. EnerVision primarily focuses on providing consulting services to electric cooperatives, such as Sawnee Electric Membership Corporation (Sawnee EMC).

3. Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

A. I graduated in 2004 from the Georgia Institute of Technology (Georgia Tech) with a Bachelors Degree in Industrial Engineering.

4. Q. PLEASE STATE YOUR PROFESSIONAL EXPERIENCE.

A. I joined EnerVision in the summer of 2004 and have spent the last 19 years assisting electric cooperatives in many different areas including demand side management (including energy efficiency, demand response, direct load control,

and consumer engagement); smart grid and other technology solutions; renewable and distributed generation; and wholesale and retail rate services.

5. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to clearly state, explain, and provide information and documentation for Sawnee EMC's staff to consider in connection with its effort to develop a position relating to two new standards established by the Public Utility Regulatory Policies Act (PURPA) of 1978, as amended by the Infrastructure Investment and Jobs Act of 2021. Those Standards are: 1) Demand-response practices, pursuant to 16 U.S.C. § 2621(d)(20) and; 2) Electric vehicle charging programs, pursuant to 16 U.S.C. § 2621(d)(21).

New PURPA Standard on Demand-Response Practices (16 U.S.C. § 2621(d)(20))

6. Q. PLEASE DESCRIBE THE PURPA STANDARD ON DEMAND-RESPONSE PRACTICES.

A. Subsection (A) of this new PURPA Standard requires affected utilities to consider and 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.

Subsection (B) of this new PURPA Standard specifies Sawnee EMC, as a nonregulated electric utility, may establish rate mechanisms for the timely recovery of the costs of promoting demand-response and demand flexibility practices in accordance with subparagraph (A).

7. Q. HAS SAWNEE EMC CONSIDERED THE NEW PURPA STANDARD ON DEMAND-RESPONSE PRACTICES?

A. Yes, it is my testimony that the staff of Sawnee EMC, with my assistance, has fully considered this new PURPA Standard, including both Parts (A) and (B)(ii)).

8. Q. WHAT PRACTICES DOES SAWNEE EMC UTILIZE TO PROMOTE THE USE OF DEMAND-RESPONSE AND DEMAND FLEXIBILITY PRACTICES BY ITS CONSUMERS AS SPECIFIED IN THE NEW PURPA STANDARD ON DEMAND-RESPONSE PRACTICES?

A. Sawnee EMC obtains their power supply energy resources for their members through long-term contractual agreements that provide Sawnee EMC great flexibility to implement demand-side management programs aimed at reducing peak loads. This includes programs such as a switch-based load management program for air conditioners (A/C) and heat pumps (HP) that Sawnee EMC has offered for over 30 years. This program currently reduces the load of nearly 44,000 A/C and HP units across Sawnee EMC's service territory during peak demand conditions. Additionally, Sawnee EMC launched its Smart Savers program, a smart thermostat-based program, in 2016 to expand its capability to reduce A/C and HP load during peak demand periods. Sawnee EMC anticipates having over 22,000 thermostatsparticipating in its Smart Savers program by summer of 2023. Participants in both the load management switch program and Smart Savers program receive an annual incentive for their willingness to reduce load during peak demand periods.

Sawnee EMC has recently begun exploring opportunities to expand the Smart Savers program beyond thermostats. Sawnee EMC's existing software platform supports communication with and control of other smart devices including electric vehicles, solar array invertors, and battery storage systems. Industry wide, integration with these technologies is still in the preliminary stages, but Sawnee EMC is closely monitoring the advancement and penetration levels of these connected, smart devices and assessing the costs and benefits of adding them to its demand response offerings.

In addition to the demand side management programs described herein, Sawnee EMC also offers a wide variety of energy efficiency (EE) rebate programs. These programs help members implement measures that reduce their overall electrical usage, including during peak demand periods. Two of the EE programs, HVAC Tune-Up and Smart Thermostat deployment, are very popular, often reaching over 2,000 annual participants. The HVAC Tune-Up and Smart Thermostat deployment rebate programs help to reduce the electrical usage of the largest energy consuming device in most homes, the A/C or HP unit. If a member's A/C or HP unit is running as efficiently as possible through regular tune-ups and/or the use of a smart thermostat, it is likely those units are using less electricity during peak demand periods than they otherwise would. In addition to the HVAC Tune-Up and Smart Thermostat rebates, Sawnee EMC offers several other energy efficiency focused rebates to its members that aid in reducing their energy usage. An example of this is Sawnee EMC's A/C and HP replacement and insulation upgrade rebates.

In the first quarter of 2023, the staff of Sawnee EMC made the business decision to deploy a member behavioral application offered by its customer information system provider, National Information Solutions Cooperative (NISC). This member behavioral application, once deployed in the third quarter of 2023, will provide Sawnee EMC's members with proactive and targeted messaging relating to their usage patterns and habits with the goal of reducing both on peak energy usage as well as overall energy usage. The effects of this "new" program will be evaluated and tailored to meet the energy needs of its members.

Finally, Sawnee EMC notifies its commercial and industrial members receiving service under a pass-through rate tariff, with billing determinants tied to peak demand periods, of those periods when peak demand is expected to occur so that they can reduce their load or shift it to off peak periods and thus reducing their energy costs.

9. Q. ARE THERE ANY OTHER PROGRAMS THAT SAWNEE EMC OFFERS TO PROMOTE THE USE OF DEMAND-RESPONSE AND DEMAND FLEXIBILITY PRACTICES BY ITS CONSUMERS AS SPECIFIED IN THE NEW PURPA STANDARD ON DEMAND-RESPONSE PRACTICES?

A. Sawnee EMC offers many time-based rate tariffs for residential, commercial, and industrial members that promote reducing usage during high demand periods. These rate tariffs include time-of-use, critical peak pricing, and net metering options. These types of rate tariffs provide clear price signals to the consumers

allowing them to modify their consumption behavior and reduce costs for themselves and Sawnee EMC, especially during peak demand time periods.

10. Q. HAS SAWNEE EMC, A NONREGULATED UTILITY, ESTABLISHED RATE MECHANISMS FOR THE TIMELY RECOVERY OF THE COSTS OF PROMOTING DEMAND-RESPONSE AND DEMAND FLEXIBILITY PRACTICES AS SPECIFIED IN THE NEW PURPA STANDARD ON DEMAND-RESPONSE PRACTICES?

A. Yes. Sawnee EMC, a nonprofit, electric cooperative, reviews its entire demand side management (DSM) plan and budget annually. Sawnee EMC consistently evaluates the various programs within the DSM plan for cost effectiveness, consumer satisfaction, consumer participation, ongoing viability, and other factors. For one or more of the reasons previously listed, Sawnee EMC modifies, eliminates, and/or supplements the programs within the DSM plan to ensure total benefits outweigh total costs for its members. The cost of promoting the demand-response and demand flexibility aspects of the DSM plan is small relative to the cost of administration, support, rebates and incentive, and vendor fees. As such, Sawnee EMC's Board of Directors, elected by Sawnee EMC's members and members themselves, approve the operating budget on an annual basis. The operating budget includes the DSM plan and associated programs, including promotion of the demand-response and demand flexibility aspects. Once approved, the operating budget dictates Sawnee EMC's revenue requirements and is funded by all rates and rate payers (members).

New PURPA Standard on Electric Vehicle Charging Programs (16 U.S.C. § 2621(d)(21))

11. Q. PLEASE DESCRIBE THE NEW PURPA STANDARD ON ELECTRIC VEHICLE CHARGING PROGRAMS.

A. This new PURPA Standard calls for affected utilities to consider measures to promote greater electrification of the transportation sector, including establishing rates to promote and improve electric vehicle (EV) charging options and public EV charging infrastructure. Specifically, the standard requires that utilities, such as Sawnee EMC, consider actions that promote affordable and equitable electric vehicle charging options for residential, commercial, and public vehicle charging infrastructure; consider elements to improve the customer experience associated with electric vehicle charging, including reduced charging time for light medium, and heavy-duty vehicles; accelerates third party investment in electric vehicle charging for light, medium and heavy-duty vehicles and provides for the appropriate recovery of the marginal cost of delivering electricity to electric vehicles and electric vehicle charging infrastructure. All of which is shown in 26 U.S.C. § 2621(d)(21) as (A), (B), (C), and (D).

12. Q. HAS SAWNEE EMC CONSIDERED THE NEW PURPA STANDARD ON ELECTRIC VEHICLE CHARGING PROGRAMS?

A. Yes, it is my testimony that the staff of Sawnee EMC has fully considered this new PURPA Standard, including Parts (A), (B), (C), and (D).

13. Q. PLEASE DESCRIBE SAWNEE EMC'S CONSIDERATION PRACTICES UNDERTAKEN IN CONNECTION WITH THE NEW STANDARD ON EV CHARGING?

A. Sawnee EMC, a nonprofit, electric distribution cooperative, is not regulated by the Georgia Public Service Commission (PSC). Sawnee EMC is an active participant, as a member of Georgia EMC, in legislative efforts impacting electric utilities in the State of Georgia. Regarding 26 U.S.C. § 2621 (d)(21)(A), Sawnee EMC provides residential (Schedule PEV) and commercial (Schedule CEV) rate options specifically for EV charging. The residential option (Schedule PEV) is based on Sawnee EMC's time of use rate and is available to all residential members. The commercial rate option (Schedule CEV) is also based on a time of use rate philosophy and has been designed to exclude demand charges and is available to all non-residential members. Both rates encourage and incentivize EV charging outside of peak energy usage hours. Regarding 26 U.S.C. § 2621 (d)(21)(B), Sawnee EMC does not own, operate, or control EV infrastructure, therefore Sawnee EMC's ability to enhance the customer's experience is somewhat limited. However, Sawnee EMC does provide members with a wealth of information on its website, in the section devoted solely to EV information; including applicable rates. At the site, Sawnee EMC also provides a link for EV drivers to locate the nearest EV charger, no matter where they are currently driving:

(https://driveelectricgeorgia.org/charging/#/analyze?region=US-GA&fuel=ELEC&show_map=true). With regard to 26 U.S.C. § 2621(d)(21)(C), Sawnee EMC, under its 2023 Demand Side Management Work Plan, has

allocated $12,000 in grants to assist residential members in the deployment of sixty (60) level 2 EV chargers. This incentive is available to all Sawnee EMC non-commercial members when making an EV infrastructure investment. With regard to 26 U.S.C. § 2621(d)(21)(D), Sawnee EMC regularly reviews its cost of service and revises its retail rates, as well as its service rules and regulations, to ensure adequate and appropriate recovery of all distribution system costs. Sawnee EMC's last cost of service study was approved by its Board in May of 2022 and a revision to the 2022 study is currently ongoing, with Sawnee EMC's Board's expected to review and take action on the revised study in the 3rd quarter 2023. Sawnee EMC stands ready to provide electricity to any newly developed EV charging site within its service territory. This positions Sawnee EMC to continue to participate in any State-led efforts to implement those measures specified in the PURPA Standard on EV charging. As such, absent the possibility that compelling testimony to the contrary is presented at the PURPA hearing, Sawnee EMC's consideration of this PURPA Standard is complete and no additional actions are necessary.

14. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.