KYMEA

Avoided Costs

Doug Buresh

February 27, 2020

Avoided Cost Definition and Uses

Definition

Avoided costs means the incremental costs to a utility of electric energy, electric capacity, and electric transmission that the utility would generate itself or purchase from another source, but for purchases to be made under these rules. A utility's avoided costs are the prices, terms and conditions, including the period of time and power supply attributes.

Uses

Avoided costs are used for:

- Small Capacity Cogeneration and Small Power Production Qualifying Facilities (100 kW or less)
- Large Capacity Cogeneration and Small Power Production Qualifying Facilities (> 100 kW)
- Member-Owned Generation

Next Steps

Definition

- Staff to begin work on preparation of avoided costs
- Staff to develop Avoided Cost Policy
- Board to review and approve Avoided Cost Policy at future meeting(s)