



FY2021 Service Rates

Doug Buresh

April 23, 2020

Service Rates – Membership Rate

Service Rates

- Effective July 1, 2020
 - Membership - \$0.12/MWh
 - Dispatch - \$0.45/MWh
 - Transmission - \$0.56/MWh
 - \$0.38/MWh for transmission service + \$0.18/MWh for energy carrying charge
 - Resource Planning - \$0.20/MWh
 - Allocation of \$253K across 8 AR Members. Rate is likely lower if non-AR members participate
- Non-AR Member Summary
- Discussion/Actions

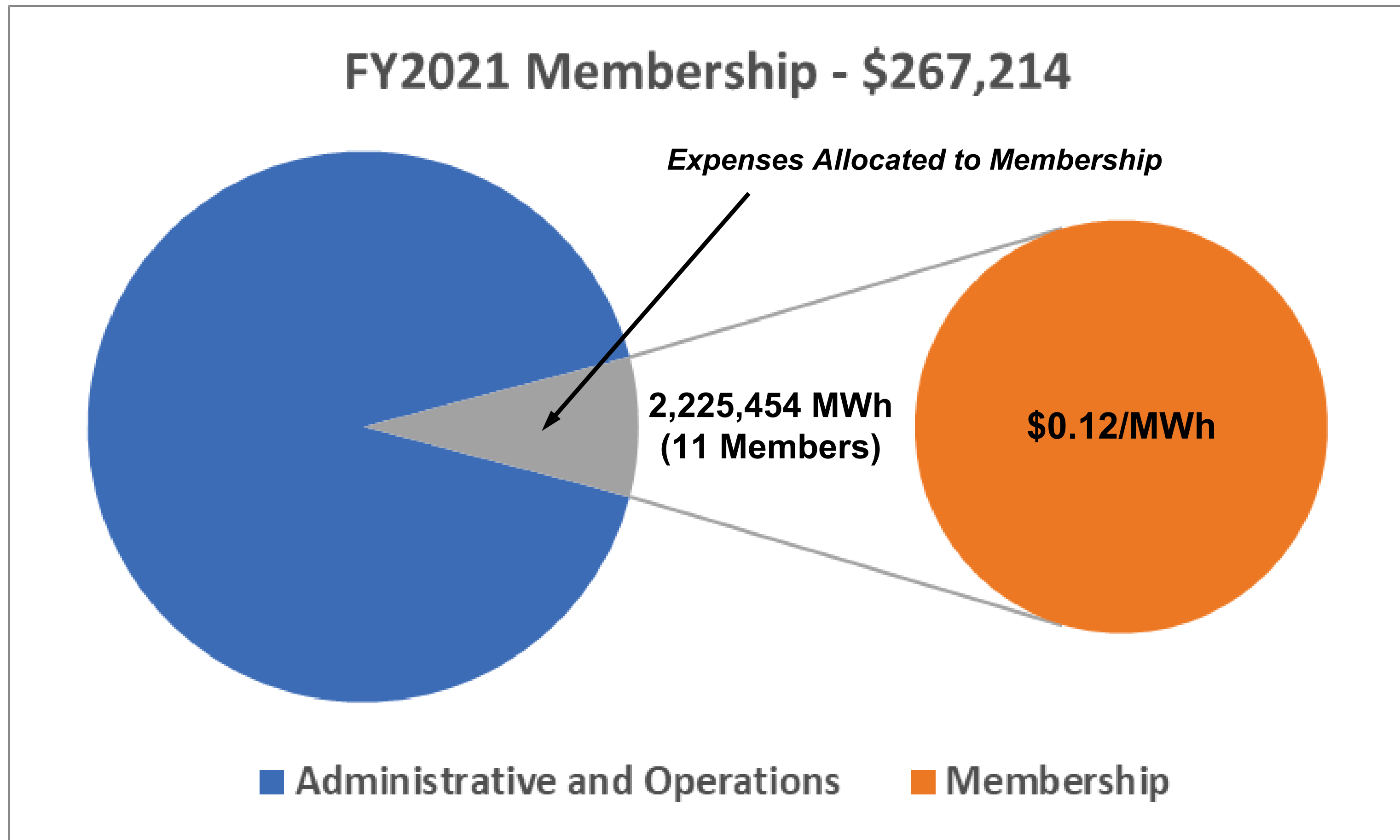
Membership/User Rate

Membership Rate

- \$267,214 allocated across 11 members (\$0.12/MWh)
- Allocated Expenses: 10% of Salaries/Benefits, General Counsel, Advisors, Select Administrative Office Expenses, and Board Expenses
- Direct Expenses: APPA, KMUA, Lobbyist, and Strategic Planning Retreat

Same \$0.12/MWh Rate as FY2020

Membership/User Rate



Fee applied for membership with eligibility to receive agency services

Service Rates – Dispatch Rate

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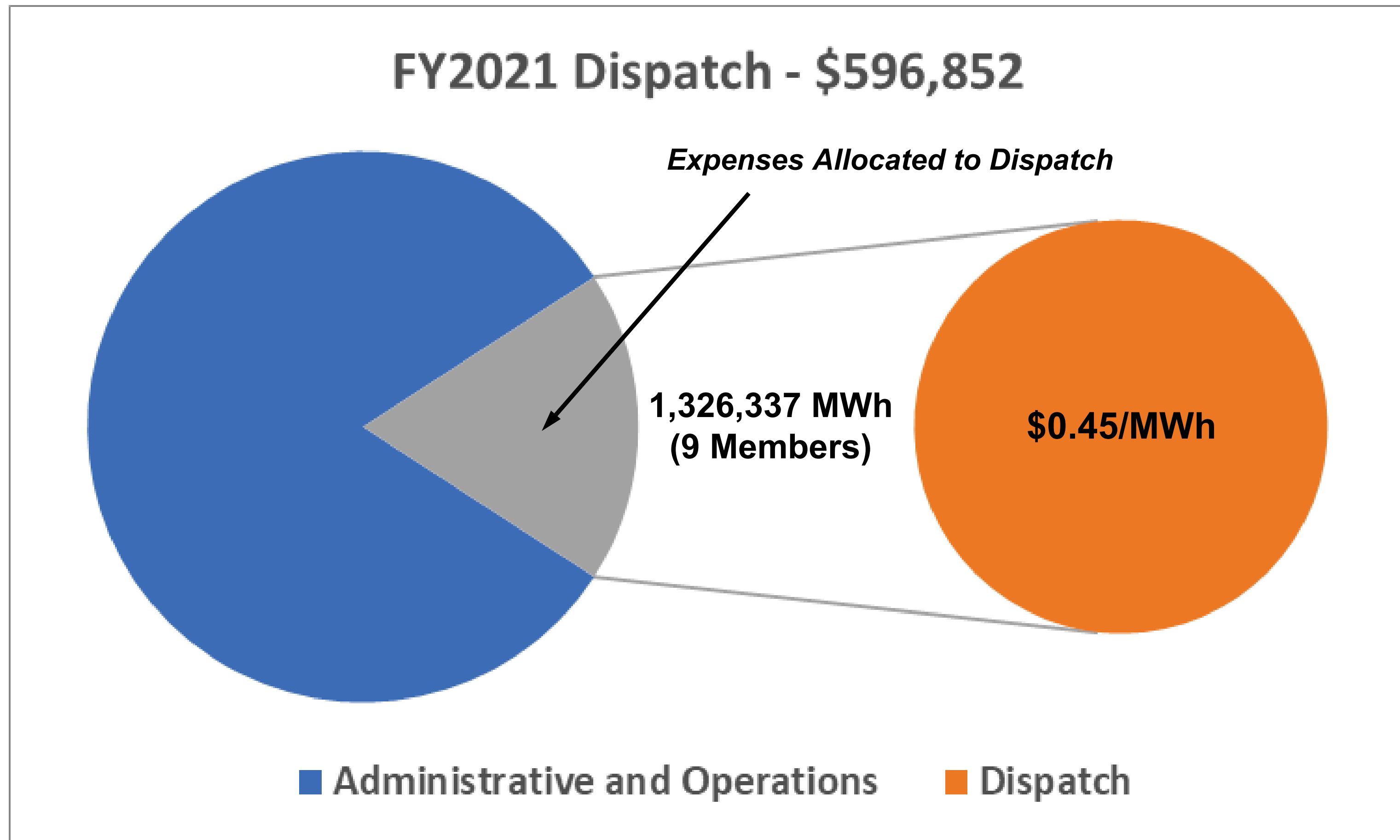
Dispatch/MAC Rate

Dispatch Rate

- \$596,852 allocated across 9 members (\$0.45/MWh)
- Load Dispatch for 8 AR Members
- SEPA Dispatch for 9 SEPA Members (AR + Benham)
- Allocated Expenses: 7.6% of Salaries/Benefits and Select Administrative Office Expenses
- Direct MAC Expenses: ACES Standard Service

Same \$0.45/MWh Fee as FY2020

Dispatch/MAC Rate



Includes load and SEPA dispatch services

Service Rates – Transmission Rate

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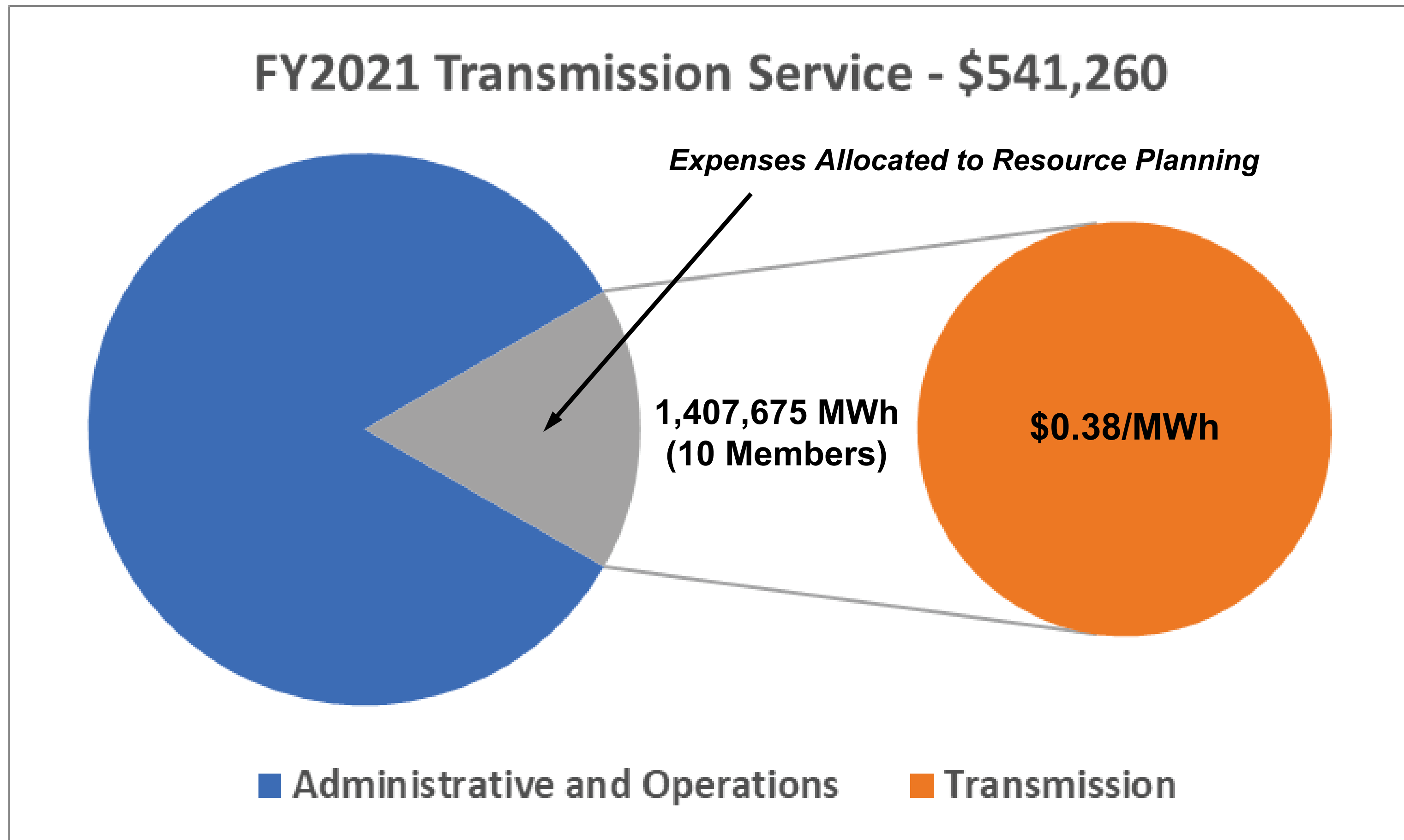
Transmission Service (A&G Portion)

Transmission Service

- \$541,260 allocated across 10 members (\$0.38/MWh)
- Allocated Expenses: 10% of Salaries/Benefits, General Counsel, Consultants, and Certain Administrative Office Expenses
- Direct Expenses: TAPS, Transmission Study Fees, PME Hardware/Software, Engineering Support, Communications Expenses

New FY2021 Fee of \$0.38/MWh. Increase over FY2020 Fee of \$0.20/MWh to account for studies, metering, communications, monitoring, and engineering expenses

Transmission Fee (A&G Portion)



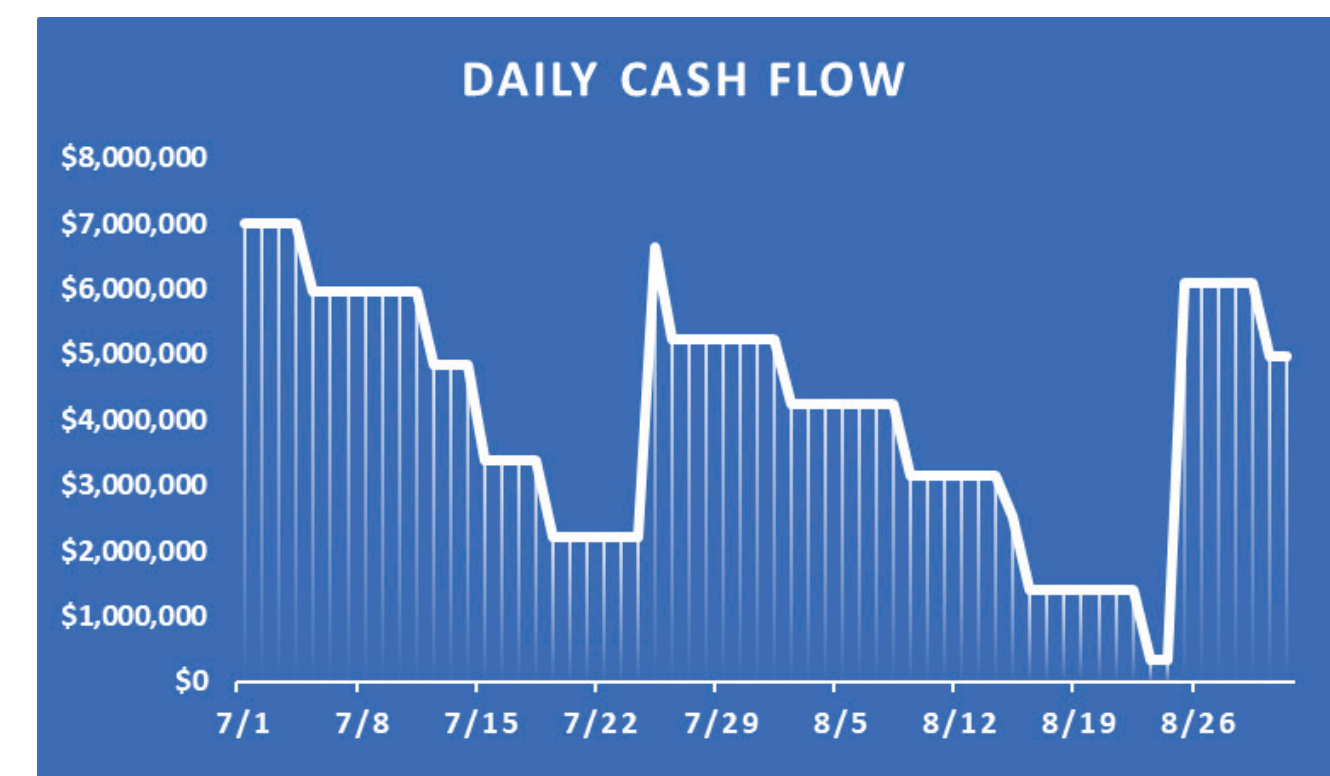
Energy Carrying Charge (ECC)

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- The ECC is the RTO (MISO and PJM) daily cash flow needs plus collateral requirements to participate in the RTO markets. The ECC is the cost of carry.

Daily Cash Flow

- The RTO expense payments for energy, transmission, and ancillary services occurs earlier than the collection of payments (either directly from the AR member or from the non-AR member power provider). KYMEA maintains \$7 million in working capital to maintain a positive cash position.



RTO Market Participant

- To ensure fair, efficient and competitive markets, MISO and PJM require organizations to register as Market Participants before participating in their Open Access Transmission, Energy and Operating Reserve Markets. As a Market Participant, KYMEA becomes a legal entity certified by MISO to submit bids to purchase energy, submit offers to supply energy and operating reserve, hold financial transmission or auction revenue rights and other market-related activities. As a market participant, KYMEA is required to maintain \$3 million in combined collateral at MISO and PJM.

Timing: Payments and Receipts

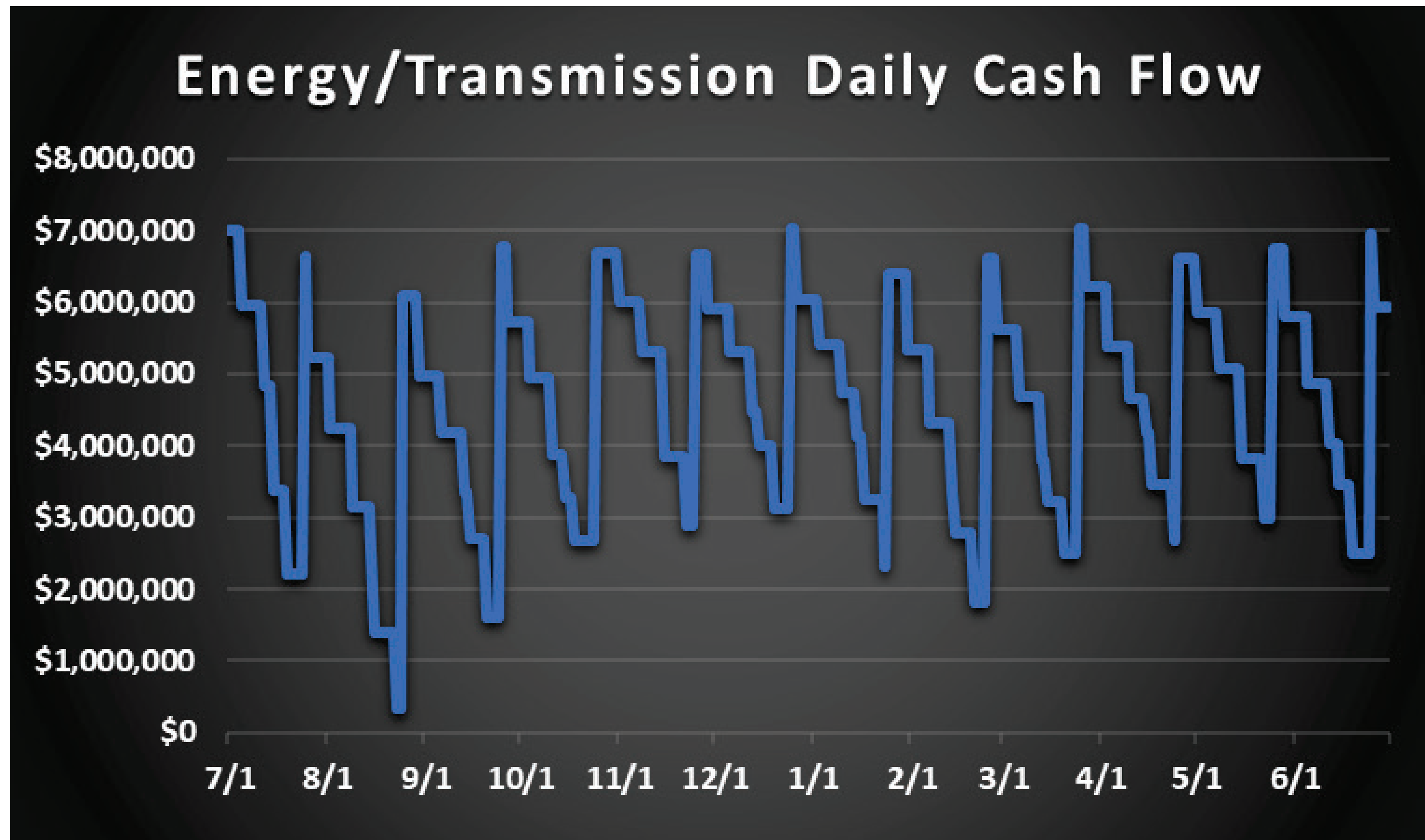
Payments

- MISO/PJM Energy: Paid each Friday for all MISO energy, ancillary services, and other energy related charges (previous week balance)
- PJM Network Transmission: Paid on the 15th (previous balance balance)
- MISO Point-to-Point Transmission: Paid on the 15th (previous month balance)
- LGE/KU Network Transmission: Paid on the 15th of next month (previous balance – 45 day lag)

Receipts

- MISO/PJM Energy
 - AR Members: Payment on 25th (previous month balance). Payment is recovered via demand and energy rate.
 - AMP Members: Payment on 25th (previous month balance)
- MISO Point-to-Point Transmission
 - AR Members: Non-depancake payment on 25th (previous month balance). Payment is recovered via demand rate.
 - AMP Members: Non-depancake payment on 25th (previous month balance)
 - LGE/KU Reimbursement: Depancake payment on 15th of next month (previous balance – 45 day lag)
- LGE/KU and PJM Network Transmission
 - AR and AMP Members: Payment on 25th (previous month balance)

Timing: Fiscal Year Daily Cash Flow



Working Capital Contribution vs Energy Carrying Charge

Two Ways for Transmission Members to Contribute

1. Contribute load weighted share of \$10 million working capital fund (based on Peak NCP).
2. Or, pay the annual energy carrying charge of \$0.18 per MWh for each MWh of load.

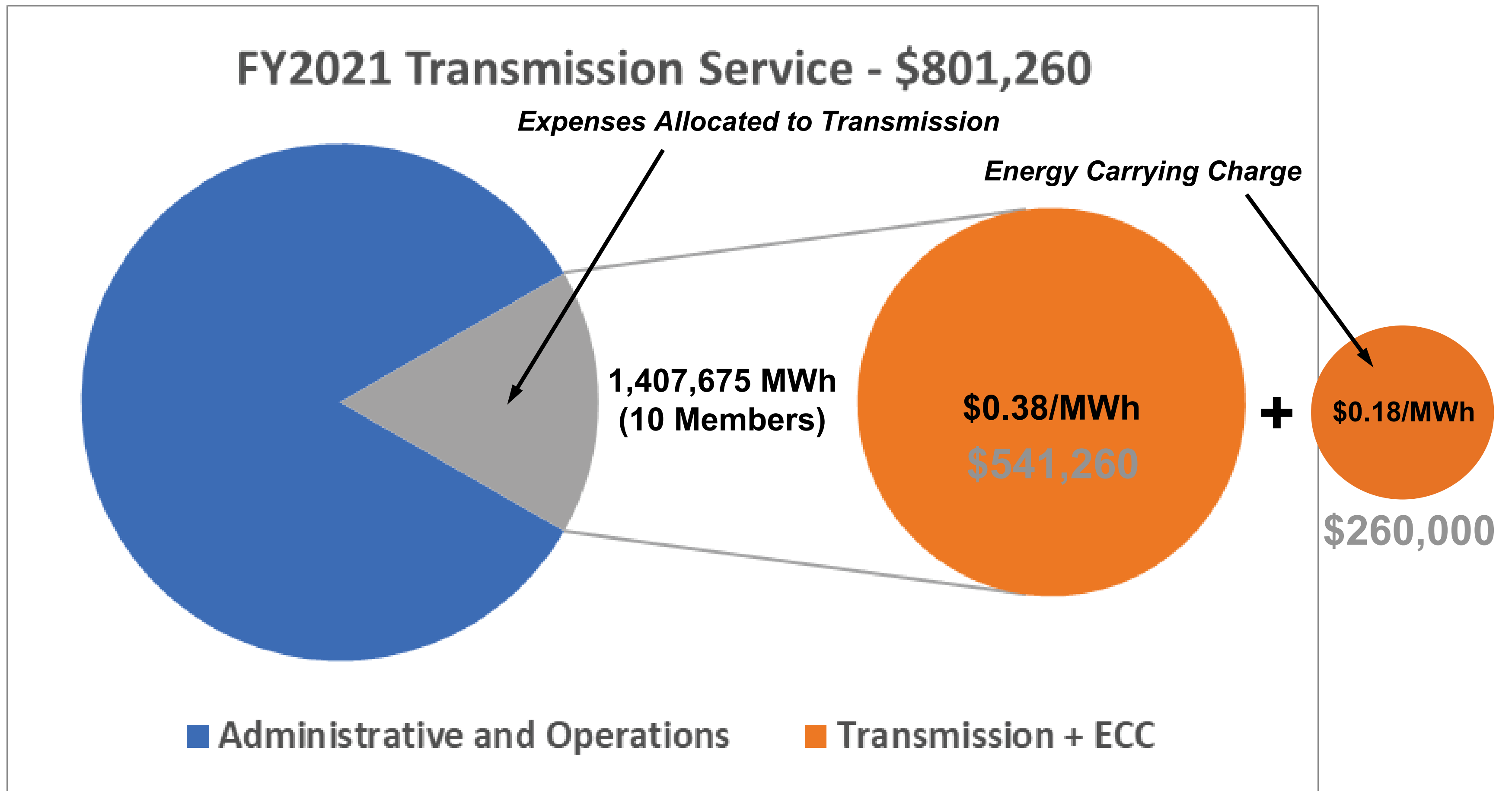
Annual Energy Carrying Charge is assessed each month based on actual energy as measured at the high-side of the transformer.

Member	Peak (NCP) MW	Working Capital \$	Energy MWh	Carrying Charge \$
Barbourville	199	\$ 669,609	89,248	\$ 16,484
Bardwell	20	\$ 66,745	9,007	\$ 1,664
Benham	17	\$ 56,713	6,277	\$ 1,159
Berea	291	\$ 979,185	132,721	\$ 24,514
Corbin	189	\$ 635,765	83,960	\$ 15,508
Falmouth	42	\$ 141,862	19,242	\$ 3,554
Frankfort	1,430	\$ 4,819,963	689,693	\$ 127,387
Madisonville	578	\$ 1,947,022	289,666	\$ 53,502
Paris	142	\$ 477,920	60,247	\$ 11,128
Providence	61	\$ 205,216	27,614	\$ 5,100
TOTALS	2,967	\$ 10,000,000	1,407,675	\$ 260,000

Interest Rate 2.60%

Members	10
MWh	1,407,675
\$/MWh	\$ 0.18

Transmission Fee + Carrying Charge



Includes agency transmission service + energy carrying charge

Service Rates – Resource Planning

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Resource Planning Rate

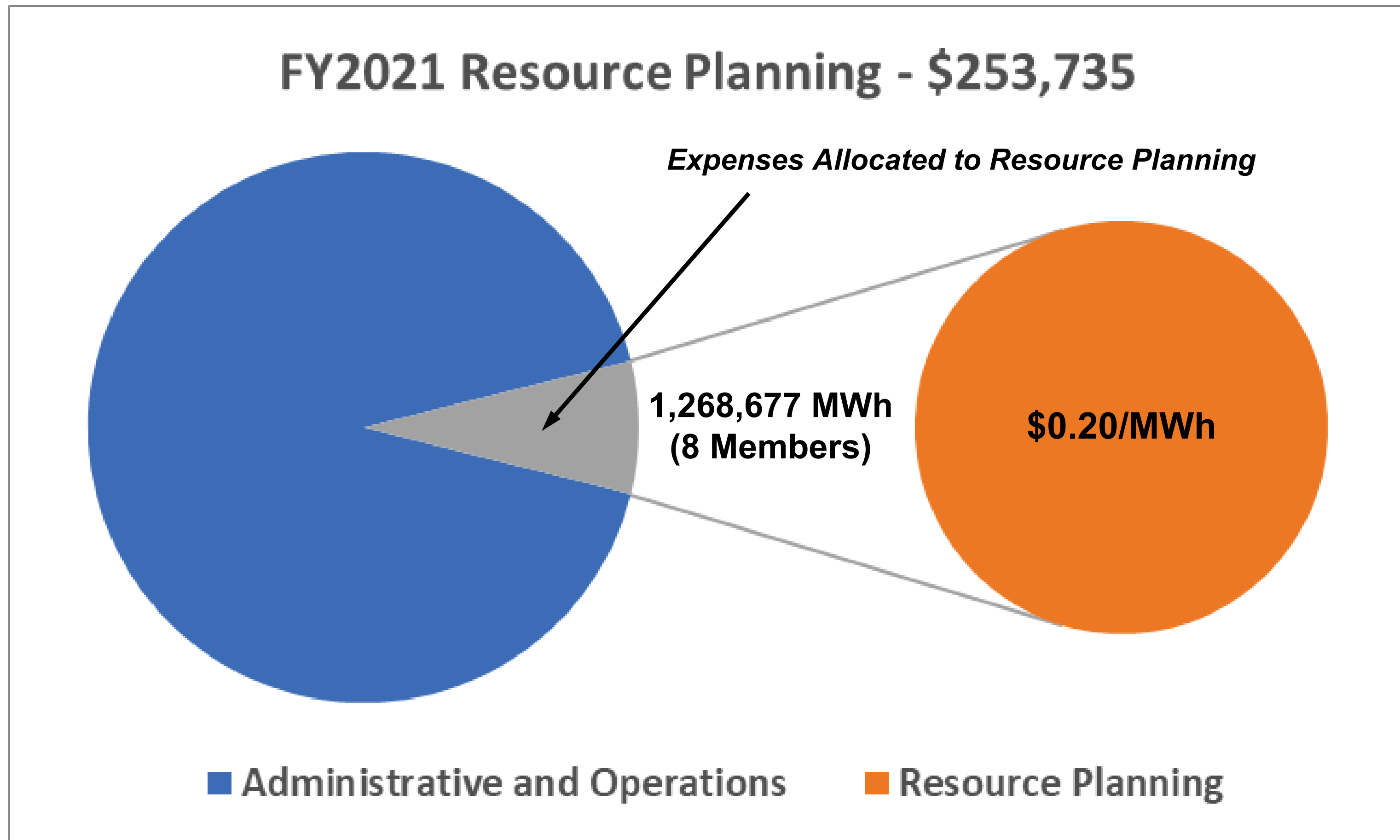
Resource Planning Rate

- \$253,735 allocated across 8 members (\$0.20/MWh)
- Allocated Expenses: 9.3% of Salaries/Benefits, General Counsel, Consultants, and Certain Administrative Office Expenses
- Direct MAC Expenses: Software, Data, Market Intelligence, and Study Support

Same \$0.20/MWh Fee as FY2020

- *Note: \$0.20/MWh Rate is maximum. Rate is likely lower if non-AR members participate.*

Resource Planning Fee



Includes load and SEPA dispatch services

Non-AR Member Summary

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Non-AR Members Projected Expense

Service	Benham		Berea		Owensboro	
Membership	\$	754	\$	15,936	\$	98,192
Dispatch	\$	200	\$	-	\$	-
Transmission	\$	3,573	\$	75,546	\$	-
Resource Planning	\$	-	\$	-	\$	-
TOTAL	\$	4,526	\$	91,482	\$	98,192
MWh		6,277		132,721		817,779
\$/MWh	\$	0.72	\$	0.69	\$	0.12

Note (1): MWh will be updated based on actual MWh from July 2019 – June 2020.

Note (2): AR Members Services collected through AR Demand Charge.

Discussion/Actions

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Discussion/Actions

Discussion

Staff Recommends the KYMEA Board approve the FY2021 Service Rates.

Actions – Rate Schedule Exhibit B

1. KYMEA Board Approval