STF-PIA-3-2 Attachment B.pdf



CEBA Proposal – Bring Your Own New Clean Energy Program

CEBA

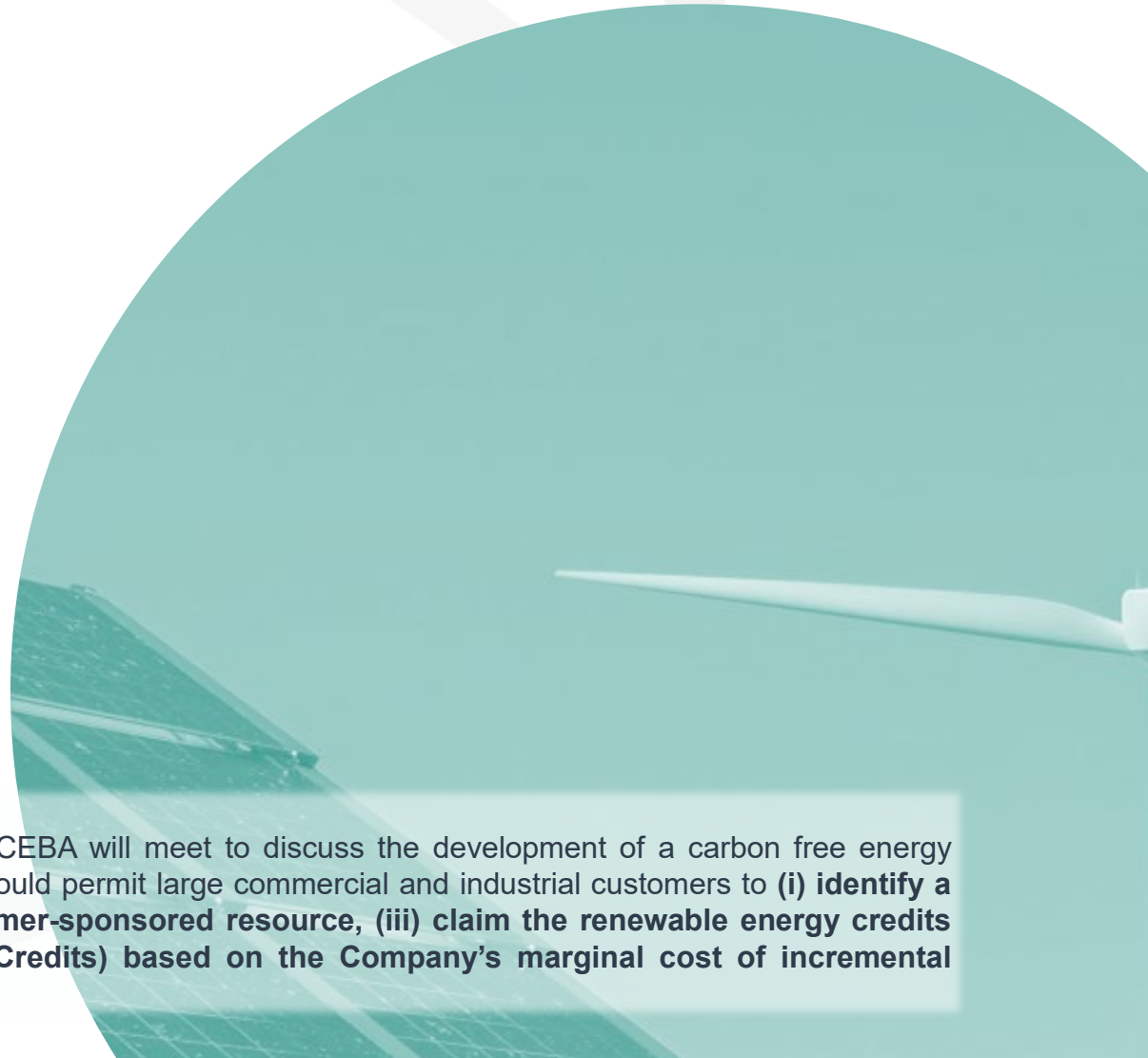
Clean Energy Buyers Association

BRING YOUR OWN CLEAN ENERGY PROGRAM

Program Goals and Benefits:

- Provides Georgia Power's commercial and industrial (C&I) customers an additional avenue to meet clean energy goals while simultaneously contributing to Georgia Power's energy and capacity needs.

- Enables customers to collaborate on clean energy procurement and bring new clean energy projects and investment to Georgia Power through a new, innovative approach.



Letter Agreement language:
"Georgia Power and CEBA agree that prior to the 2025 IRP, Georgia Power and CEBA will meet to discuss the development of a carbon free energy customer program, which Georgia Power will include in its 2025 IRP request, that would permit large commercial and industrial customers to **(i) identify a carbon free energy resources, (ii) pay for any incremental costs of the customer-sponsored resource, (iii) claim the renewable energy credits and other environmental attributes, and (iv) receive hourly credits (Hourly Credits) based on the Company's marginal cost of incremental generation, as measured in kWh."**

Top Asks:

Customer-driven procurement of dedicated clean energy projects through the utility

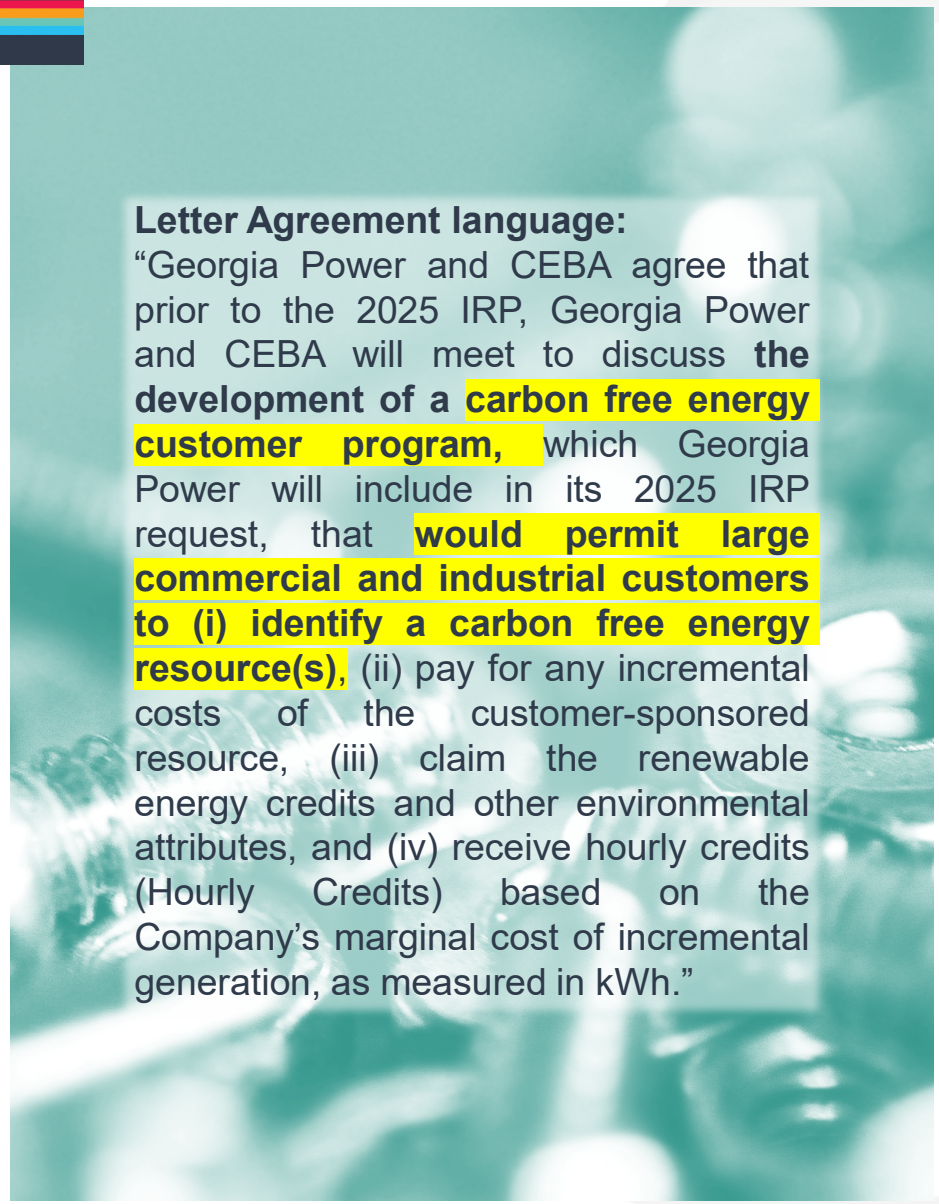


Customer receives credits for energy and capacity value of resource to GPC's system



Enable customers to collaborate on clean energy procurement





Key Features:

Customer-Driven Process: Allows customers to identify and contract for dedicated clean energy projects through Georgia Power

- *Flexible BYO and Utility Partnership Options:* Customer(s) identify new third-party projects to bring to GPC's system and/or collaborate with GPC to select projects from utility RFPs.
- Ability for customers to bring projects forward on ongoing basis

Open to All Large C&I Customers: Both new and existing load customers.

Facility Aggregation: Individual customers may aggregate demand across facilities. Enables least-cost projects.

Collaborative Projects: Customers may partner to pool demand & identify large-scale clean energy projects together. Encourages economies of scale.

- Customers may either make their own connections or ask GPC to be a "matchmaker"

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Key Features:

Maximizes Clean Technology Innovation:

- Clean technology-agnostic; open to all carbon-free energy resources.

Program Capacity:

- To be integrated into GPC's 2025 IRP considerations
- Sufficient program size to enable large-scale clean energy projects and help meet growing C&I load
- Ability for program to grow over time and match customer load additions

Environmental Attributes and RECs:

- Customers claim the renewable energy credits (RECs) and other environmental attributes.
- Flexibility for customer to have RECs directly transferred or retired by Georgia Power

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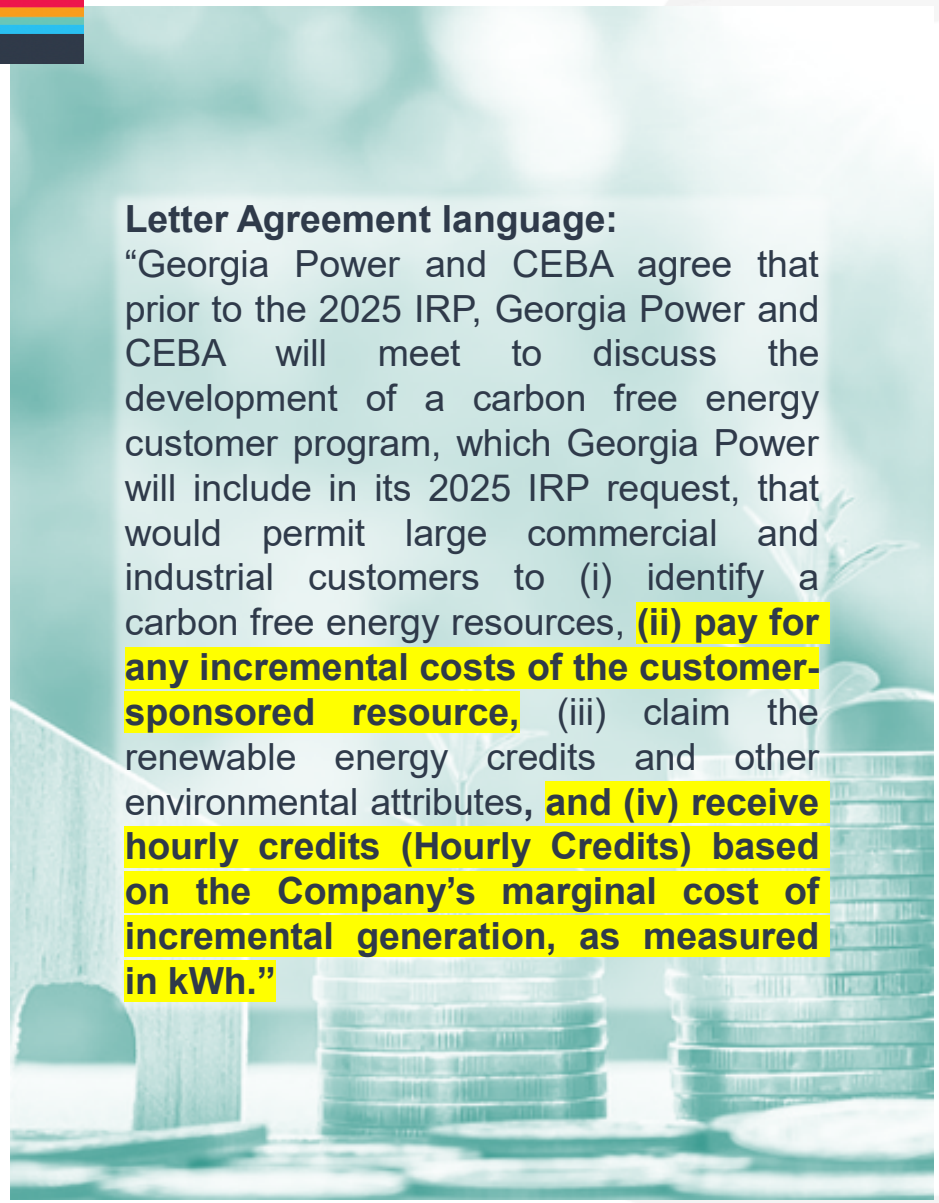
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Contract Structure: Customer(s), Georgia Power, and project developer execute partnership agreements where Georgia Power acts as intermediary between the Customer(s) and the customer-identified resource. GPC enters agreement with project developer and Customer(s) enter energy services agreement with GPC for energy, capacity, and RECs. The clean energy project is added to support Georgia Power's system to serve all customers. Participating Customer(s) pay for costs of the new resource plus administrative costs, and in return receive RECs from the project and bill credits for the energy and capacity value of the resource.

Contract length:

- Flexible contract terms (5-30 years), driven by customer preferences.
  - Customer negotiates terms with developer and Georgia Power.
  - Customer may choose back-to-back terms or longer utility PPA with shorter customer term
- Option for customer to renew after initial term

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Financial Terms:

- Customers pay for costs of customer-sponsored clean energy projects + reasonable administrative fees.
- Need transparency on admin and service fees; cap on how much fees increase project costs.
  - Should not be more than 2% of project costs
- Customers receive hourly bill credits based on the Company's marginal cost of incremental generation.
- *Potential for program enhancement to account for capacity credits.*

Program Enhancement
Capacity Credit:

- Would enable customers to procure firm carbon-free resources and contribute to GPC's capacity and reliability needs.
- Customers receive monthly capacity credits to offset demand charges based on value of the resource to GPC's system
- Customers need transparency on how capacity credit is determined in order to make pricing decisions

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Capacity Credit Valuation

CEBA members are interested in investing in carbon free capacity resources in addition to renewables to help meet decarbonization goals. Large customers can invest in capacity resources in return for OpEx savings, which can be applied as a credit to their monthly invoice to offset demand charges.

Credits should have an annual escalation value applied to the credit.

The credit can be calculated in several ways:

1. Capacity cost based on the least-cost alternative (gas-fired generation). This is an all-inclusive calculation to cover the investment, required returns, OpEx, ongoing CapEx, and fuel costs.
2. Capacity cost based on system value. This is a calculation based on the specific characteristics of the asset. The calculation could be an annual value. For example, a battery could be based on the cost of capacity at peak conditions (summer afternoons and winter mornings). The price would be the cost of capacity in the market (neighboring systems) at peak conditions.
3. Capacity could be an average annual capacity value. This could be an annualized capacity cost for the GPC system.

In addition, different credits can be provided to two types of resources:

1. Additional Resource Capacity Credit: Resource with grid capacity that is over and above what GPC had planned. This would be a full capacity credit, calculated by one of the capacity options outlined above.
2. Grid Resource Capacity: GPC planned resource that is replaced with a clean alternative because customers cover the premium. The credit could be based on the contribution percentage relative to the total resource cost.

The customer investments enable the resource deployment, so the capacity credit should be available for the life of the asset, provided the customer remains a GPC customer.

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Additional Topics for Discussion

1. Transmission study timeline - need for expedited studies or for GPC to identify suitable sites

2. Opportunity for GPC to create a new carbon-free capacity RFP process for resources beyond renewables plus storage



Program Examples



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Example Language: Duke Energy North Carlina

Green Source Advantage (GSA)

Rider GSA Linked Here

"Directed Procurement of GSA Facilities:

The Program allows Eligible GSA Customers to direct the Company to procure renewable energy that will be used to supply all customers and allows the Customer to obtain the renewable energy certificates ("RECs") generated by a GSA Facility ("GSA Facility"). A GSA Facility must be a new renewable energy facility located in the Duke Energy Carolinas service territory in either North Carolina or South Carolina with supply that will be dedicated to the Program by the facility owner ("Renewable Supplier") and used to serve all customers.

Customers seeking to participate in the Program shall have the option to either (1) request affiliates of Duke Energy Carolinas to develop a facility or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. The Renewable Supplier will enter into a power purchase agreement ("GSA PPA") with the Company. The Customer will negotiate price terms directly with a Renewable Supplier."

Example Language: Duke Energy North Carlina

Green Source Advantage (GSA) Rider GSA Linked Here

"APPLICATION PROCESS AND GSA SERVICE AGREEMENT
To participate in the GSA Program, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer's behalf. The Customer may apply for the Company to develop or procure renewable generation capacity up to 125% of the Customer's aggregate Maximum Annual Peak Demand at eligible Customer service location(s) within Duke Energy Carolinas' North Carolina service territory. (…)

The Customer's application will designate the Renewable Supplier selected by the Customer. The application shall also identify the requested Bill Credit option and contract term (…).

A Customer submitting an application shall also be required to deliver, at the time of application, a standard-form term sheet executed by the Customer and Renewable Supplier, which shall identify the Renewable Supplier and provide information about the proposed GSA Facility and other information as requested by the Company and identified in the term sheet.

The GSA Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Program for the contract term. (…)"

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Example Language: Portland General Electric

Green Future Impact – Customer Supply Option

Full Rider Document Here

- "Customer Supply Option (CSO)" means a resource identified and selected by the Customer, with assistance from PGE in identifying a resource if requested by the Customer, and contracted as a Power Purchase Agreement (PPA), or Company-Owned Resource, or other means consistent with the Minimum Requirements.

- "The Company shall procure Bundled Renewable Energy on the Subscribing Customer's behalf – or through collaborative sourcing with a customer for the CSO – from a new renewable energy facility."

- Allows for energy storage associated with RPS-eligible resources.

Example Language: Portland General Electric

Green Future Impact – Customer Supply Option Full Rider Document Here

ENROLLMENT PROCESS

Customers submit a non-binding letter of interest to enter the queue.

"1. The Customer shall independently make the selection of the CSO resource for enrollment in the program.

2. The Customer will determine when to engage PGE in the CSO resource identification and solicitation process. Should the Customer approach PGE for help during the identification and/or solicitation process for a CSO resource, PGE will assist the Customer. (…)

(…)

4. Given that the resource will be interconnected and delivering energy into PGE's system, the Company will be the entity contracting for the resource to serve the CSO Customer and must be provided the opportunity, in the course of the development of an agreement between a CSO Customer and a third-party to review and address contract terms that would shift costs or risks to other Customers or PGE shareholders. The Subscribing Customer may determine the appropriate point in time to involve PGE during contract negotiations, but must allow PGE sufficient time to review and address contract terms.

(…)

7. The Company will accept the commercial structure of the resource that is selected by the CSO Customer, subject to the allowable commercial structures and applicable requirements as identified in the posted Minimum Requirements."

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Example Language: Dominion Energy

Voluntary Renewable Energy (VRE) Rider for Renewable Generation (RG) Supply Agreements Rider document

Summary: A customer identifies a third-party renewable energy supplier and enters an “RG-Supply Agreement” with Dominion Energy. A separate RG-Supply Agreement is required for each customer and renewable energy facility. The customer negotiates the price and contract term with the energy supplier, and Dominion enters into a PPA with the renewable energy supplier.

MULTIPLE CUSTOMERS FOR A SINGLE FACILITY AND PPA:
“Multiple Customers may negotiate separate RG-Supply Agreements for separate quantities of renewable energy and capacity provided from a single Facility under a single PPA. In such case each Customer’s RG-Supply Agreement shall reference a specified percentage of the Facility’s output and each Customer shall be allocated a pro rata share of actual output accordingly.”

FORMATION OF AN RG-SUPPLY AGREEMENT
“Upon receipt of an Application in due form and the application fee, the Company will notify the Customer and provide the Customer and the Supplier with a form RG-Supply Agreement to serve as the basis of negotiation of a definitive RG-Supply Agreement for signature by the parties incorporating the terms of this Rider. At conclusion of the negotiations, the Customer shall provide to the Company for signature an RG-Supply Agreement, in a form satisfactory to the Company, which is duly executed by the Customer and the Supplier.”

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Example Application: Dominion Energy

Voluntary Renewable Energy (VRE) Rider for Renewable Generation (RG) Supply Agreements

Rider document

APPLICATION FOR AN RG-SUPPLY AGREEMENT

The Customer shall apply for an RG-Supply Agreement by submitting to the Company an application (Application) on a form to be provided by the Company including:

1. The Customer's name and address.
2. The location(s) and Customer account(s) to which the Rider will apply.
3. The contract demand of each such account.
4. The effective date and expiration date of the contract for each such account.
5. The anticipated allocation of RG supply among accounts.
6. The name and location of the Facility along with
    a. The name and address of its owner or developer, i.e., the Supplier,
    b. Its renewable energy source,
    c. Its net reliable summer and winter capacities,
    d. Its expected commercial operation date,
    e. The percentage of its energy and capacity to be purchased,
    f. Its position in the interconnection queue if applicable, and
    g. The pricing methodology for the PPA agreed upon by Customer and Supplier.
7. A signed statement by the Supplier supporting the Application and agreeing to enter into negotiations of a RG-Supply Agreement and PPA with Customer and the Company.
8. Such other information as the Company may reasonably require.
9. A non-refundable application fee of $2,000.

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Examples of Contract Term Length

Alabama Power

- 10, 15, or 20 years. Customer contract term will be the same as the term of the PPA for the renewable project.

Duke GSA

- Avoided cost bill credit option: 2, 5, 10, 15 or 20 years.
- Hourly rate bill credit option: Maximum 20 years.

Dominion Energy VRE Rider

- The RG-Supply Agreement and PPA shall be of equal duration.
- Minimum of 1 year, maximum of 20 years.

Example: Louisiana PSC Sleeved PPA Rule

In August 2024, The Louisiana Public Service Commission issued a rule allowing for sleeved PPAs in an order in Docket R-35462. Commercial and industrial customers are now able to request a "wholesale pass-through sleeved PPA" from utilities in Louisiana. Customers can negotiate directly with a renewable provider and bring a renewable energy project to the utility. Unlike other sleeved PPA green tariff programs offered by a specific utility, customers in Louisiana can request a sleeved PPA from their utility, and the utility is then required to develop a tariff and submit it for PSC approval.

- Additional details on pages 17-23 of this document.

Definitions

- **Sleeved PPA:** A Power Purchase Agreement for the capacity, energy, and renewable attributes of a Designated Renewable Generator that is negotiated between an Eligible Customer and a Designated Renewable Provider and brought to the Applicable Utility for execution by the Eligible Customer, the Designated Renewable Provider, and the Applicable Utility
- **Wholesale Pass-Through Sleeved PPA:** A Sleeved PPA that provides financial costs and benefits to an Eligible Customer while not affecting any aspects of the Eligible Customer's Electric Service Agreement with the Applicable Utility or the Applicable Utility's rate schedule under which the Eligible Customer takes service.