

How grid charges affect upcoming rate changes

In our February magazine we informed you of a rate increase that is scheduled to begin on May 1st. The most notable change to the rate structure is referred to as a “grid capacity” charge. This is a charge that was introduced to our commercial members two years ago and will now be present on all member bills.

What is a grid capacity charge? In short, this charge will be put in place to more accurately capture the costs of the fixed assets that we use to deliver power to your home. This includes assets such as power lines and transformers, as well as the equipment used to make the system work along the way. The purpose of relating your monthly costs to our assets is to better align our costs with the revenue we receive from our members.

While Basin Electric Power Cooperative generates the power and Central Power Electric Cooperative transmits the power to our substations, we move that power the rest of the way to your home or business. To move this power to our members requires enough conductor to stretch from Tampa, Florida to Seattle, Washington, with some excess to spare.

Our distribution system is built to ensure that each member’s maximum power needs can be delivered when they need it. Therefore, we must have the infrastructure needed to meet those needs. We can’t change the assets we own on a month-by-month basis to handle only the needs for that month. Most of our assets are financed, and the payments are due, regardless of how much electricity we sell.

This is where the grid capacity charge comes into play. The charge will be determined by your maximum demand of the distribution system over the past 12 months. Our average residential consumer has a maximum power need of 6.6 KW (kilowatts). The new rate will be \$1.25 per KW so the average residential consumer will see an increase of \$8.25 per month due to this rate change.

We understand rate increases can cause a strain when members are already experiencing increasing costs on a lot of products and services. As a result, we will be offering optional rate structures that members can consider allowing them to offset the increase by reducing the charges on other components of their bills. We

will provide more information regarding these opportunities in the upcoming months.