Where: P = Rate for purchase of energy.

n = Number of suppliers.

c_i = Cost per kilowatt-hour to be charged by ith supplier.

q_i = Quantity to be purchased from ith supplier.

ℓ = Line losses, expressed as a percentage, for the previous year.

(c) Adjustments. For intended purchases of 72,000 kilowatt-hours or more per month from a qualifying facility, the electric utility and the qualifying facility may agree to increase or decrease the rates determined by subsections (a) and (b) in recognition of the following factors:

(1) the extent to which scheduled outages of the qualifying facility can be usefully coordinated with scheduled outages of the electric utility's generation facilities;

(2) the relationship of the availability of energy from the qualifying facility to the ability of the electric utility to avoid costs, particularly as is evidenced by the electric utility's ability to dispatch the qualifying facility;

(3) the usefulness of energy from the qualifying facility during system emergencies, including the ability of the qualifying facility to separate its load from its generation.

(d) An electric utility and a qualifying facility may negotiate a rate for energy which differs from the result of subsections (a) and (b). *(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-8; filed Mar 7, 1985, 10:04 am: 8 IR 762)*

Cited in: 170 IAC 4-4.1-5; 170 IAC 4-4.1-10.

170 IAC 4-4.1-9 Rates for capacity purchase

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4
Affected: IC 8-1-2; IC 8-1-2.4

Sec. 9. (a) A basic, unadjusted monthly avoided cost of capacity for a generating utility shall be calculated as follows:

$$C=\frac{1}{2}\left[DV\left[\frac{1-\left(\frac{1+i_p}{1+r}\right)}{1-\left(\frac{1+i_p}{1+r}\right)^n}\right]\bullet(1+i_p)^{t-1}+O\left(\frac{1+i_p}{1+r}\right)\bullet(1+i_o)^{t-1}\right]\div\left(1\frac{1}{2}\right)$$

Where: C = Unadjusted monthly capacity payment per kilowatt of contracted capacity year of completion of unit.

D = Present value of carrying charges for one dollar ($1) of investment over n years with carrying charges assumed to be paid at the end of each year.

V = Investment amount in year of completion, including allowance for funds used during construction, of the avoidable or deferrable unit, stated on a per kilowatt basis and including rated share of common costs.

n = Expected life of the avoidable or deferrable unit.

i_p = Annual escalation rate associated with the avoidable or deferrable unit.

i_o = Annual escalation rate associated with the operation and maintenance expenses, less fuel and fuel-related expenses, of the avoidable or deferrable unit.

r = Purchasing utility's after tax cost of capital.

(4) The metering equipment installed by the electric utility may be designed to recognize the different rating periods.

(5) The electric utility and the qualifying facility may agree to other metering arrangements.

(6) The electric utility may, solely at its option, install additional metering equipment at its own expense.

(c) The qualifying facility shall reimburse the electric utility for all interconnection costs the utility has reasonably incurred. The extent to which interconnection costs associated with selling energy and capacity may be assessed against a qualifying facility shall be determined in accordance with general tariff provisions and appropriate rate schedules governing extensions and connection of electric service to the retail customers of the electric utility with similar load characteristics. *(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-7; filed Mar 7, 1985, 10:04 a.m.: 8 IR 762; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1836; filed Oct 15, 1990, 3:28 p.m.: 14 IR 419)*

170 IAC 4-4.1-8 Rates for energy purchase

Authority: IC 8-1-2.4-1
Affected: IC 8-1-2.4-1

Sec. 8. (a) The rate to be paid by a generating electric utility for purchase of energy from a qualifying facility shall be an average of marginal running costs of the generating electric utility adjusted for line losses in accordance with:

$$P_j = \frac{\dfrac{\sum_{i=1}^{n_j} \lambda_{ij}}{n_j}}{1 - \left(\dfrac{\ell}{2}\right)}$$

Where: P_j = Rate for purchase of energy in the jth rating period.

λ_{ij} = Expected current fuel and associated variable operating and maintenance costs for the most expensive unit or source on line in the ith hour of the jth rating period as derived from recent historical data adjusted to the present or from appropriate generation simulation programs.

ℓ = Line losses, expressed as a percentage, for the previous year.

n_j = Number of hours in jth rating period.

(b) The rate to be paid by a non-generating electric utility for purchase of energy from a qualifying facility shall be a weighted average of the rate or rates a non-generating electric utility pays to its suppliers, adjusted by the non-generating utility's line losses, in accordance with:

$$P = \frac{\dfrac{\sum_{i=1}^{n} q_i c_i}{\sum_{i=1}^{n} q_i}}{1 - \left(\dfrac{\ell}{2}\right)}$$

O = Expected total fixed and variable yearly operating and maintenance expenses, less fuel and fuel- related expenses, in expected first year of avoidable or deferrable unit's operation stated on a per kilowatt basis.

ℓ = Line losses, expressed as a percentage, for the previous year.

t = Contract term in years, with t = 1 to t.

(b) Capacity payments which will begin before the avoidable or deferrable unit is expected to become used and useful, shall be calculated as follows:

$$C_a = C \left(\frac{1 + i_p}{1 + r} \right)^{\Delta t}$$

Where: C_a = Adjusted monthly capacity payment.

Δt = In-service date of avoidable or deferrable unit less in-service date of qualifying facility.

C, i_p, r as previously defined in equation of subsection (a).

(c) Except as permitted by subsection (g), the unadjusted rate per kilowatt for purchase of capacity shall not be lower in any year than the levelized annual economic carrying charge per kilowatt on a new combustion turbine, which shall be calculated by application of subsection (a) wherein the variable V shall be for a combustion turbine completed in the first year of any contract for purchase of capacity.

(d) Monthly payments for capacity calculated in subsections (a) through (b) shall be adjusted by the following factor:

$$F = \frac{E_p}{(K)(T_p)}$$

Where: F = Capacity payment adjustment factor.

E_p = Kilowatt-hours delivered to the electric utility during the peak period by the qualifying facility.

K = Kilowatts of capacity the qualifying facility contracts to provide.

T_p = Number of hours in peak period.

(e) A basic, unadjusted monthly rate per kilowatt for purchase of capacity by a nongenerating utility from a qualifying facility shall be the utility's current weighted average cost per kilowatt paid to the utility's other suppliers.

(f) Monthly payments for capacity calculated in subsection (e) shall be adjusted by application of a factor developed from subsection (d).

(g) An electric utility and a qualifying facility may negotiate a rate for capacity which differs from the results of subsections (a) through (f). *(Indiana Utility Regulatory Commission; 170 IAC 4-4.1-9; filed Mar 7, 1985, 10:04 a.m.: 8 IR 763; filed Jun 8, 1989, 2:00 p.m.: 12 IR 1837)*

Cited in: 170 IAC 4-4.1-5; 170 IAC 4-4.1-10.

170 IAC 4-4.1-10 Filing of standard offer

Authority: IC 8-1-1; IC 8-1-2; IC 8-1-2.4
Affected: IC 8-1-2; IC 8-1-2.4

Sec. 10. Within sixty (60) days of the effective date of this rule and on or before February 28, of each subsequent year, each generating electric utility shall file with the commission a standard offer for purchase of energy and capacity at rates derived from the appropriate application of sections 8(a) and 9(c) through 9(d) of this rule. Within sixty (60) days of the effective date of this rule and within sixty (60) days of the effective date of any subsequent wholesale rate schedule, tariff, or contract, each nongenerating utility shall file with the commission a standard offer for the purchase of energy and capacity at rates derived from the appropriate application of sections 8(b) and 9(e) through 9(f) of this rule. *(Indiana Utility Regu-*