

## Utility Companies Split Over Complex ROFR Law

**T**he complicated topic of Right of First Refusal (ROFR) for large transmission line projects is expected to be brought up in the upcoming legislative session beginning in February 2024. This topic was discussed during the previous session, but did not come to a vote.

In late October, there was an interim study introduced in the Senate that began the process of educating legislators on the merits of ROFR.

The current law in Oklahoma grants the incumbent utility the first option at building new facilities required by the Southwest Power Pool (SPP) at voltages under 300 kilovolt-amps (kVA). For example, if a line was proposed by SPP between a WFECE switch station and an OG&E switch station, both utilities would have the first option of constructing 50% of the line between each utility's facilities, if the project was less than 300 kVA.

If it were at a greater voltage than 300 kVA, the SPP would entertain competitive bids on constructing those facilities.

Proposed legislation is aimed at increasing the 300 kVA limit to a higher number, so that the right to build would first have to be rejected by the incumbent utilities to move to the competitive bid process.

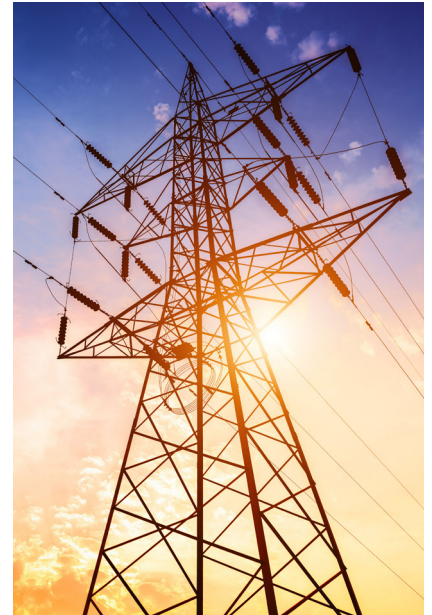
The argument against ROFR generally indicates that competitive bidding would build less-expensive projects, with the benefits of the cheaper projects being passed along to electric consumers in terms of better electric rates.

The argument for ROFR indicates there is no evidence competitive bidding would be any less expensive than if the incumbent utility constructed the project, and that maintenance and reliability would likely be better if the incumbent utility built the project.

WFECE generally supports ROFR for several reasons, explained WFECE CEO Gary Roulet. "WFECE usually does not build these kind of projects internally, and competitively bids the vast majority of construction projects assigned by SPP," he pointed out.

"The Rural Utilities Service (RUS) competitive bidding process, requiring multiple bidders, overcomes the argument that competitive bidding would be cheaper, as that is already the goal of WFECE. Additionally, because of RUS lending, and WFECE's indenture for lending, allowing another utility into our existing facilities would be complicated and perhaps not very easy to do," Roulet commented.

With future discussions regarding ROFR in upcoming months, hopefully, this information will help you understand what ROFR involves and helps make the impacts to WFECE a little clearer.





# Distributed Generation Series

## DG Systems Commonly Utilize Natural Resources

Electricity today is generated and distributed in ways that are different than in years past, based on multiple factors, with one including advancements in technology. One energy source is distributed generation (DG), which refers to generating technologies located close to where the electricity is being used rather than energy being transmitted over the electric grid from larger facilities.

DG offers residential consumers and businesses the ability to generate their own power at or near the point of use, commonly utilizing the natural resources available at their location. Usually, a small power production facility on a much smaller scale, such as renewable resources like wind or solar, is utilized.

It is the intent of the cooperative to allow members to install DG, if so desired, provided the member's DG facility does not adversely affect the cooperative. Referred to as a Qualifying Facility (QF), electric utilities are required by law to connect this source, which is typically installed "behind the meter". In general, a QF in Oklahoma usually has renewable resources, geothermal resources, or a combination, as its primary energy source.

It is solely the responsibility of the member-owner to determine if owning a distributed generation system is a good investment. As for the homeowner installing DG, there are upfront and initial investment costs, in addition to maintenance costs, that must be considered and evaluated closely.

The owner of a DG system is responsible for obtaining the proper equipment and ensuring that all requirements are met for a cooperative's interconnection agreement, as well as applicable state, local and federal codes.

Obviously, whatever energy the DG resource produces behind the meter, simply reduces the energy being provided by the utility. However, if the DG system produces more energy than the member-owner can consume at that time, the excess power is sent into the cooperative's distribution system. Most states including Oklahoma and New Mexico have established "net metering rules" to deal with these type situations, which in effect reduces the overall amount of electricity that the cooperative sells the consumer on a monthly basis.

"One of the key issues with DG integration is the uncertain nature of such electric generation resources. Production times

are often intermittent, as they are dependent on the wind to blow or the sun to shine to produce energy," explained Mark Faulkenberry, WFEC V.P. Marketing & Member Services.

This creates a dilemma for the utility in that although they may lose upwards of 50% or more of their monthly energy sales due to the distributed resource, the utility must still have enough generation, transmission, and distribution capacity to provide electric service when the wind doesn't blow, or the sun doesn't shine.

This is why an intermittent resource, such as rooftop solar, is deemed to provide no real capacity value to the utility. If electricity from a DG resource is not available, the cooperative still has an obligation to provide adequate capacity from various utility resources to serve the load.

"While these private rooftop solar installations may lower the consumer's consumption, it's necessary to recover payment for grid services, such as use of generation, transmission and distribution systems that are standing by to provide service 24/7," Faulkenberry added. Without a rate designed to recover the potential revenue shortfalls, cross subsidization can occur, with recovery coming from other members, without a DG resource.

This is why we are beginning to see new rate recovery methodologies implemented by utilities across the country, such as three-part rates and standby tariffs. These new tariffs are designed to provide fair and equitable rate recovery by eliminating the cross subsidization that can sometimes occur when a consumer chooses to install a distributed resource behind the meter.

## Looking for Ideas...



What would you like to see published in *The Link*? We are looking for ideas that will help expand the topics included. Has your cooperative been working on a project or providing safety demonstrations to students in the service territory, manning booths at job fairs or meetings ... or simply providing any other community services? If so, share this information with others.

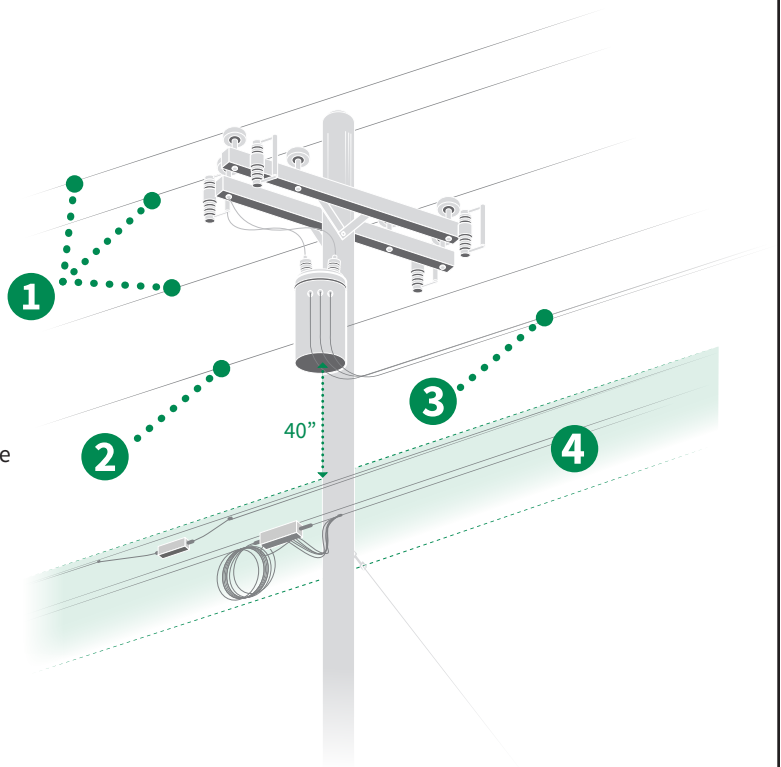
If you have this kind of information or have any ideas for articles in this publication that is sent to several audiences, including WFEC employees, cooperative management and communicators, along with WFEC and Cooperative board members, please send them.

Also, if you know of someone who would like to be added to the email list to receive *The Link* at your respective cooperative, please send that information to [s\\_boykin@wfec.com](mailto:s_boykin@wfec.com) or call 405-760-7659.

We appreciate any ideas you might have.

## WHAT'S ON THAT POLE?

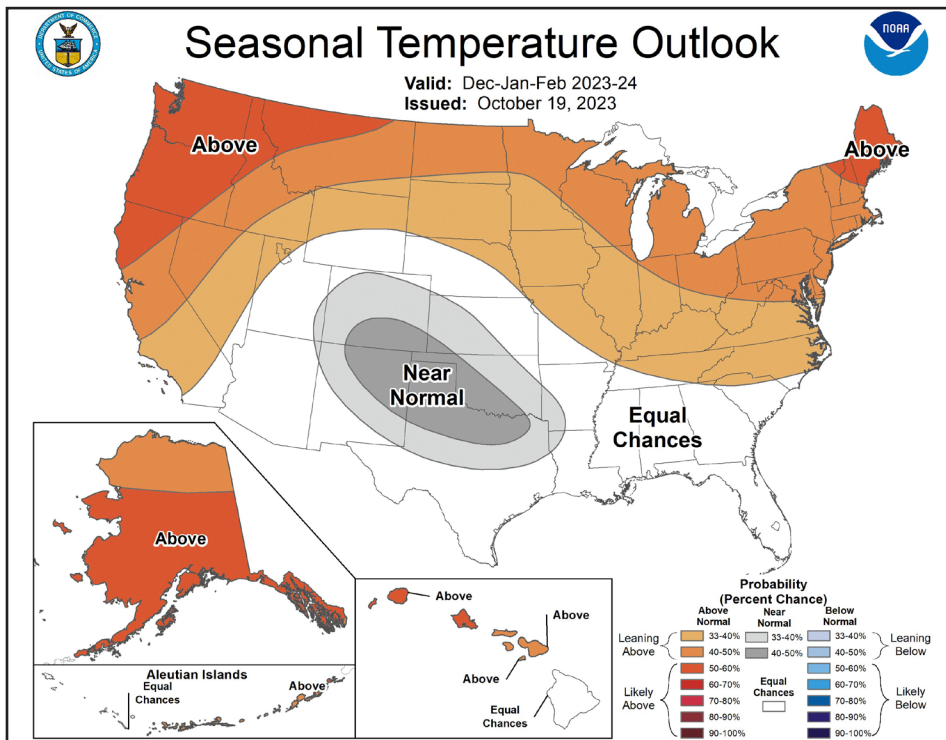
- 1 PRIMARY WIRES**  
Highly-energized wires designed to facilitate the primary supply of electricity, with currents roughly about 60 times higher than a household outlet.
- 2 NEUTRAL WIRE**  
Serves as a return path to complete the circuit, stabilize voltage and provide electrical grounding for safety.
- 3 SECONDARY SERVICE DROP**  
Lower voltage than primary wires for delivery of electricity to the customer but can still be lethal.
- 4 TELEPHONE, CABLE TV AND FIBER**  
Usually the lowest wires on the pole if space is available, carried at least 40 inches below the lowest energized line. Ground clearances, safety, weight and other state and federal regulations often dictate whether these can be accommodated.



(NRECA Image)



# Winter Outlook: Wetter South, Warmer North



The 2023 - 2024 U.S. Winter Outlook map for temperature shows the greatest chances for warmer-than-average conditions are in the northern tier of the continental United States. (Image credit: NOAA)

## Temperature Outlook

Warmer-than-average temperatures are favored across the northern tier of the U.S. and much of the Far West, as predicted by the National Oceanic & Atmospheric Administration (NOAA).

The greatest odds for warmer-than-average conditions are in Alaska, the Pacific Northwest and northern New England.

Near-normal seasonal mean temperatures are most likely for a region from the south-central Rockies to the southern Plains.

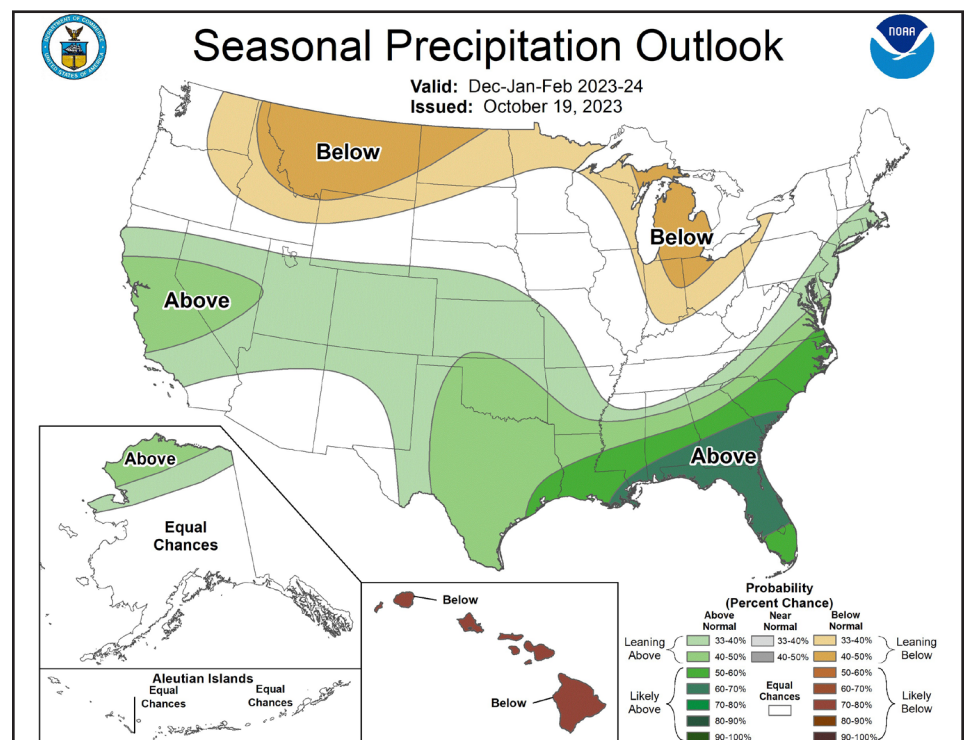
Remaining areas fall into the category of equal chances for below-, near- or above-average seasonal mean temperatures.

## Precipitation Outlook

Wetter-than-average conditions are most likely in northern Alaska, some areas of the West from parts of California to the south-central Rockies, the southern Plains, Gulf Coast, Southeast and lower mid-Atlantic.

The greatest odds for drier-than-average conditions are forecast in portions of the northern Rockies and central Great Lakes region, especially for Michigan and northern Ohio and Indiana.

Much of the central portion of the U.S. falls into the category of equal chances for below-, near-, or above-average seasonal total precipitation.



The 2023 - 2024 U.S. Winter Outlook map for precipitation shows wetter-than-average conditions are most likely across the South and Southeast and parts of California and Nevada. Drier-than-average conditions are forecast for parts of the northern tier of the United States. (Image credit: NOAA)