



# Eastern Iowa Light & Power Cooperative

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## Modified Avoided Cost Structure

The Public Utility Regulatory Policies Act (PURPA) requires that electric utilities must purchase power produced from Qualifying Facilities (QF's) at their avoided cost. Avoided cost is the incremental cost an electric utility would pay for energy or capacity, or both, from its own generation or from a third party or both. The energy or excess energy generated by your Qualifying Facility is purchased by Eastern Iowa Light & Power Cooperative (EILP) pursuant to this PURPA obligation.

The PURPA regulations provide that when a utility acquires all its energy wholesale from another electric utility, the avoided cost rate of the purchasing utility is the same as the avoided cost rate of the supplying utility. EILP receives its energy wholesale from Central Iowa Power Cooperative (CIPCO). Accordingly, our PURPA rate is provided by CIPCO.

CIPCO has recently adjusted its avoided cost PURPA rate. CIPCO's PURPA rate for facilities 100 kW or less for 2022-2023 was \$0.02571 per kWh in the summer months and \$0.02633 in the winter, or a blended rate of \$0.02612, which was based on forecasted market energy and capacity rates. Due to the recent volatility in the energy markets and the unpredictability of such future forecasts, CIPCO has elected to modify its avoided cost PURPA rate, so that it tracks with the actual market rate, rather than being based on a forecast. While the market rate adjusts in hourly or smaller intervals, for Qualifying Facilities 100 kW or smaller, CIPCO will average the hourly prices over a month and set a rate each month based on that average. For reference, had this practice been in place for the month of April 2023, the rate would have been \$0.02159. As market prices change, so does CIPCO's PURPA rate. The rate EILP credits you for your excess energy each month will be equal to the calculated avoided cost rate for that month.

Below is an example of forecasted buy-back rates for 2024-2025 as provided by CIPCO.

### One-Year Forecast Prices (QFs 100 kW or less):

The forecasted energy prices are calculated using projected MISO ALTW ALTW LMPs. MISO is the power pool operator that coordinates, controls, and monitors supply and demand on the electric grid in our region. The one-year forecast prices for the MISO Planning Year running from June 1 through May 31 are shown in the table below, along with Eastern's off-peak and on-peak buy-back rates for the same planning year.

Month	2024-2025 MISO Projections	Off-Peak 9pm-4pm	On-Peak 4pm-9pm
June	\$0.03531	\$0.03531	\$0.14731
July	\$0.05068	\$0.05068	\$0.16268
August	\$0.04687	\$0.04687	\$0.15887
September	\$0.03427	\$0.03427	\$0.14627
October	\$0.02954	\$0.02954	\$0.14154
November	\$0.03361	\$0.03361	\$0.14561
December	\$0.04816	\$0.04816	\$0.16016
January	\$0.06371	\$0.06371	\$0.17571
February	\$0.05904	\$0.05904	\$0.17104
March	\$0.03923	\$0.03923	\$0.15123
April	\$0.03446	\$0.03446	\$0.14646
May	\$0.03568	\$0.03568	\$0.14768

***These are only projections per PURPA requirements. Market prices can be unpredictable, they vary based on available generation capacity, demand, and weather.***

