Imperial Irrigation District
Water and Energy Partnership
For
Rural Energy System Distribution Expansion
Funding for On-Farm Conservation Projects

Background
Imperial Irrigation District has been collecting backfeed power service payments for a number of years from generating facilities located within IID’s service area. These generators are interconnected to the transmission system operated by the California Independent System Operator and receive backfeed power service at transmission voltage-levels of 34.5 kV or higher to operate its generating facilities on the transmission system under the operational control of the CAISO instead of IID. Since the District has given up its exclusive right to serve these generators within IID’s electrical service area, the Energy Department assesses a backfeed power service charge for all energy produced by the generator.

In addition to the backfeed power service payments, generators that opt out of receiving distribution station power service from IID are required to pay a one-time $1,000,000 limited waiver fee. IID has an exclusive right to provide distribution retail electric service, also known as station power service, to customers within its service area. This retail service is at distribution voltage-levels of 34.5 kV or lower for facilities such as administrative buildings, lighting, etc. and delivered by way of existing lines or line extensions from IID distribution facilities.

As of January 1, 2016, there are a total of six backfeed generator customers, two of which have opted out of receiving station service from IID and therefore paid the $1,000,000 waiver fee. All six of these generators pay the monthly backfeed charges based on the energy produced by each generating plant. Projected annual revenue from all six backfeed generator customers is approximately $600,000.

As of December 2017, there are a total of seven backfeed generator customers.

On March 4, 2014, the board directed that both the limited waiver fee and backfeed power service payments be held in a cash account and utilized solely to fund the expansion of the rural energy distribution system in support of on-farm water conservation projects. Finance and accounting staff perform a monthly reconciliation of the revenues received from the backfeed generator customers and these funds are transferred to a cash account earmarked specifically for these future projects.
Final rural energy distribution system guidelines/criteria will be developed in consultation with IID’s agricultural water users. Draft guidelines for initial consideration include:

1. Funds must be used for projects that expand the existing rural electrical system and provide increased electrical service/revenues from agriculture customers.
2. Funds are limited to projects participating in IID’s on-farm efficiency conservation program or facilitating an on-farm conservation method.
3. Project funding is limited each year to the annual backfeed power service revenues (approximately $600,000 per year).
4. An annual application period will be established for project funding requests, after which applications will be accepted on a case-by-case basis if annual funding remains available.
5. Annual funding cap of $200,000 per farm-unit.
6. IID’s cost-share capped at 75 percent of the electrical upgrade, not to exceed $150,000.
7. Project costs in excess of $200,000 are the customer’s responsibility.
8. Annual funding limitations will also apply to farm units.
9. An application review committee will be established to review and rank submittals and recommend funding awards.
10. Funding awards must be utilized within one calendar year of application approval and are contingent upon payment in full of the project balance.