

PURPA and the Energy Policy Act of 2005

Chelan County PUD
July 24, 2006



Our Purpose - Informational

- What is PURPA?
- Notice of upcoming decisions and deadlines
- Description of new PURPA standards
- Explanation of public process requirement
- Short and long-term schedule of events
- Summary of related topic: Integrated Resource Planning



History and Purpose

- Public Utility Regulatory Policies Act (PURPA) of 1978
 - *Conservation of energy* supplied by electric utilities;
 - *Optimal efficiency* of electric utility facilities and resources; and
 - *Equitable rates* for electric consumers
- Required utilities to buy back power from qualified customer-generators



Prior PURPA Standards

PURPA 1978 – 6 Standards

- Cost of service
- Declining block rates
- Time of day rates
- Seasonal rates
- Interruptible rates
- Load management techniques

Energy Policy Act of 1992 – 4 Standards

- Integrated Resource Planning
- Conservation
- Demand Management
- Efficiency investments in power generation & supply



2005 EPAct PURPA Standards

- **Five new standards were added in 2005's Energy Policy Act**
 - Net metering
 - Fuel diversity
 - Fossil fuel generation efficiency
 - Time-based metering and communications
 - Interconnection



Board action required

- PURPA requires electric utilities to “consider” each standard and then “make a determination” about whether or not it is appropriate to implement
 - Consideration and determination is required, but the decision to implement is discretionary
 - For public power utilities, the Board of Commissioners must “consider and determine” the standards

Deadlines and current status

Standard	Begin consideration	Complete determination	Notes
Smart metering	August 8, 2006	August 8, 2007 (with potential activity due Feb. 7, 2007)	Special requirement to consider cost-effectiveness
Interconnection	August 8, 2006	August 8, 2007	District already has interconnection standards in place
Net metering	August 8, 2007	August 8, 2008	State has passed net metering legislation; relationship to interconnection
Fuel diversity	August 8, 2007	August 8, 2008	
Fossil fuel efficiency	August 8, 2007	August 8, 2008	



Procedural Requirements

- ❑ Public notice and hearing
- ❑ Determination made in writing, based upon findings and evidence presented in a hearing (from staff or other parties)
- ❑ Determination on the record, made available to the public
- ❑ Hearing transcripts

Schedule

July 24, 2006	Initial Board briefing on PURPA
August 8, 2006	Publish notice on smart metering, interconnection and net metering
Late Fall, 2006	Schedule hearings on smart metering, interconnection and net metering
Late Fall, 2006 – February 2007	Evaluate public input and staff assessments; Decide whether smart metering should be implemented or decision deferred for further consideration
August, 2007	Make determination on whether smart metering, interconnection and net metering should be adopted as proposed, modified, or not adopted (public meeting, transcript, in writing)
August, 2007 – August, 2008	Undergo similar process for fuel diversity and fossil fuel efficiency standards

Smart Metering Standard...The Basics

Issue	Details
Begin process:	August 8, 2006
Major elements:	Consider time of use, critical peak pricing, real time pricing, and demand side management
Goals to consider:	Reduce total or peak demand, mitigate price spikes or power availability, increase reliability, leverage current capacity, lower consumer bills, reduce emissions
Issues to consider:	Not a blanket approach, utilities should evaluate cost to implement, class makeup, unintended consequences, customer convenience and education
Chelan PUD status	We currently offer time based rates to our industrial customer class. This does offer potential benefits for the future but would require certain investments in technology and a shift in how we design rates for other customer classes. Longer term study is recommended

Net Metering Standard...The Basics

Issue	Details
Begin process:	August 8, 2006
Major elements:	Make available upon request to any electric consumer that the utility serves
Goals to consider:	Encourage conservation of utility supplied energy and provide equitable rates for electric consumers
Issues to consider:	Not intended to reduce total consumed energy, rather utility generated energy. Rate design should not burden other consumers
Chelan PUD status	We currently offer net metering per our electric rate schedule 20. Limited participation by several unique SNAP installations

Interconnection Standard...The Basics

Issue	Details
Begin process:	August 8, 2006
Major elements:	Utility shall make available, upon request, interconnection service to any electric that the utility serves
Goals to consider:	IEEE Standard 1547 compliance, help support alternative resources, defer capacity and increase reliability
Issues to consider:	Safety, interconnection standards shall be just and reasonable. Washington State RCW 80.60 guides requirements
Chelan PUD status	Chelan PUD currently offers interconnection and has published standards in place for up to 25 kW. Need to formally adopt

Related Upcoming Topics - State

- Net Metering
 - Recently state law changed which increased Net Metering from 25 kW to 100 kW
- Expanding Interconnection
 - Up to 25 kW already completed, but effort to expand to comply with Net Metering and larger, up to 20 MW loads is being worked on



Related Upcoming Topic - State

- Integrated Resource Planning Legislation
 - Requires electric utilities to develop IRPs by September 1, 2008
 - IRPs describe a utility's mix of generation, conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers
 - IRPs are encouraged to be used and consistent with new PURPA standards
 - Involves a separate public notice and hearing process



Questions
