

**NOTICE OF MEETING BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NUMBER 1 OF CHELAN COUNTY ON CONSIDERATION OF STANDARDS UNDER THE FEDERAL PUBLIC UTILITY REGULATORY POLICIES ACT AND ESTABLISHMENT OF 10-YEAR CONSERVATION POTENTIAL AND BIENNIAL CONSERVATION TARGETS AS REQUIRED BY THE STATE ENERGY INDEPENDENCE ACT**

**TO INTERESTED PERSONS**

The Board of Commissioners of the Chelan County PUD (Commission) hereby gives notice that it is initiating consideration of: (1) two standards under the Public Utility Regulatory Policies Act (PURPA), as amended by the Energy Independence and Security Act of 2007 (EISA), as codified in 16 USCA Sections 2601-2645; and (2) 10-year and two-year conservation targets as required under the state Energy Independence Act, also known as voter Initiative 937, as codified in RCW Chapter 19.285.

The federal EISA added four standards to PURPA, under which a utility must initiate consideration of the standards before Dec. 19, 2008, and make a determination about whether to adopt the standards by Dec. 19, 2009.

On Nov. 3, 2008, the Commission held a public hearing to review standards for smart grid investments and for providing information to customers gathered by a smart grid. After considering the two standards, the commission decided not to adopt them, but directed staff to continue to evaluate possibilities for the future.

The Commission will consider the two remaining PURPA standards: 1) integrated resource planning/energy efficiency; and 2) rate design modifications to promote energy efficiency investments.

The Commission also will consider establishing 10- and two-year conservation targets as required under RCW Chapter 19.285.

The Commission has scheduled a public hearing to discuss the integrated resource planning and rate design standards, and to discuss setting 10- and two-year conservation targets, for 1 p.m. Monday, Nov. 16, 2009, in the Commission boardroom at 327 N. Wenatchee Ave., Wenatchee, Wash. The public also will have an opportunity to comment following a staff presentation to the Commission at 1 p.m. Monday, Oct. 26, in the Commission boardroom. To participate as a party, any person or entity may file a petition to intervene by contacting the hearings officer, Carol Wardell, no later than Nov. 6, 2009, at (509) 661-4316.

**PURPA STANDARD BACKGROUND**

The two PURPA standards to be discussed are: 1) Integrated Resource Planning. According to PURPA, each electric utility shall integrate energy efficiency resources into utility, state and regional plans, and adopt policies establishing cost-effective energy efficiency as a priority resource.

2) Rate Design Modifications to Promote Energy Efficiency Investments. According to PURPA, rates allowed to be charged by any electric utility shall align utility incentives with the delivery

of cost-effective energy efficiency, and promote energy efficiency investments. The District will consider a variety of programs and considerations to comply with PURPA standards.

Under PURPA, electric utilities with total annual retail sales of 500 million kilowatt hours must consider the new standards (Section 102(a)). However, electric utilities can choose whether it is appropriate to adopt the new standards, in whole or in part, or not adopt the standards. In addition, nothing under PURPA prohibits this Commission from modifying or adopting, or not adopting, a different standard or rule pursuant to state law.

### **CONSERVATION TARGETS BACKGROUND**

RCW Chapter 19.285 imposes targets for energy conservation and use of eligible renewable resources on the state's electric utilities that serve more than 25,000 customers. Specifically, these utilities, both public and private, must secure 15 percent of their power supply from renewable resources by 2020. The utilities must also set and meet energy conservation targets starting in 2010.

Under the initiative, conservation is defined as any reduction in electric power consumption resulting from an increase in the efficiency of energy use, production or distribution. Beginning Jan. 1, 2010, qualifying utilities must begin acquiring all conservation that is cost-effective, reliable and feasible as stated in the RCW Section 80.52.030. Each utility is required to set an annual target consisting of a certain share of this achievable cost-effective conservation potential and to meet that share of conservation. The determination of the utility conservation target must be consistent with methodologies used by the Northwest Power and Conservation Council.

Under the initiative, a utility must identify its achievable cost-effective conservation potential through 2019. Every two years the utility must review and update its 10-year assessment. In 2010, each impacted utility must establish a biennial acquisition target and meet that target during the subsequent two-year period. The two-year target cannot be less than the pro rata share for that two-year period of its cost effective conservation potential for the next 10 years.

### **PUBLIC PARTICIPATION OPPORTUNITIES**

To learn more or provide comments, visit the Chelan County PUD Web site at [www.chelanpud.org](http://www.chelanpud.org). To review PURPA information, see "Customer Services," "Rates and Policies," then "PURPA." To review information related to the state Energy Independence Act, see "Conservation/Environment," then "Energy Conservation," then "Energy Independence Act."