

PURPA

Public Utility Regulatory Policies Act

Chelan County PUD – PURPA Process Update

October 6th, 2008

Overview:

Informational only -

- What is PURPA
- Upcoming hearing process
- Discussion of the two (2) standards being considered
- Next steps

What is PURPA ?

- Public Utility Regulatory Policies Act
- Established 1978 – Reform aimed at:
 - Energy conservation for electric utilities
 - Operating efficiencies for electric utilities
 - Equitable rates for electrical customers
 - Required utilities to buy back power generated by qualified customers.
- Four (4) new standards were added in 1992's EPAAct
- EPAAct 2005 added five (5) standards
- Energy Security Act of 2007 added four (4) new standards
 - Smart Grid investments
 - Smart Grid information
 - Integrated resource planning / energy efficiency
 - Rate design modifications to promote energy efficiency investments

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

Hearing Process:

- Hearing Scheduled November 3rd, 1:00 PM in the Boardroom on 2 PURPA standards:
 - Smart Grid investment
 - Smart Grid information
- Legal notice published and display ad on 10/12
- Interested parties may petition for participation by 10/24
- Staff testimony and recommendations on standards
- Public comments / intervener participation
- Board of Commission determination

EISA 2007 (Energy Independence and Security Act)

New PURPA Standard (18)

Smart Grid Investments

- Utilities must consider smart grid investments before proceeding with “traditional” investments
- Utilities are authorized to recover costs of smart grid investments
- Utilities are authorized to recover remaining book value of infrastructure made obsolete

EISA 2007 (Energy Independence and Security Act)

New PURPA Standard (19)

Smart Grid Information

- Purchasers shall provide direct access, in writing or electronically, to information including:
 - Prices
 - Usage
 - Intervals and projections
 - Sources and emissions

No Clear Definition of Smartgrid:

Reference Manual and Procedures for Implementation of the “PURPA Standards” in the Energy Independence and Security Act of 2007

Excerpts-

“There is no one smart grid and no two utilities can or should implement the smart grid to the same degree or in the same way.”

“The choices a utility makes among the options will depend on a broad range of issues including very local matters such as the legacy systems with which new elements need to work, customer density, customer preferences , and even local topography.”

Chelan County PUD- Defining Smart Grid:

Smart Grid is defined as utilizing advanced two way communication and modern computing to upgrade the current electrical power grid so that it can operate more efficiently and reliably and support additional services to customers equating to improved energy conservation and reduction in CO₂ emissions. Below are characteristics of a valued Smart Grid:

- Minimizing downtime from power disturbance events
- Enabling active participation by consumers in conservation and demand response
- Operating resiliently against physical and cyber attack
- Providing power quality and power reliability for local Distribution and regional trades
- Enabling new products, services, and markets
- Optimizing asset life and operating systems efficiently

Next Steps:

- Establish Website
- Publish display ads
- Gather any public comments
- Hearing scheduled for November 3rd, 2008 at 1p.m. in the boardroom at 327 N. Wenatchee Avenue
- Board determination

Questions?