

RESOLUTION NO. 06-12995

A RESOLUTION SETTING FORTH THE COMMISSION'S DETERMINATION REGARDING NET METERING AND INTERCONNECTION STANDARDS UNDER SECTIONS 111(d)(11) AND 111(d)(15) OF THE PUBLIC UTILITY REGULATORY POLICIES ACT, AS AMENDED BY THE ENERGY POLICY ACT OF 2005

FACTUAL BACKGROUND AND REASONS FOR ACTION

The Public Utility Regulatory Policies Act (PURPA 1978) was enacted in 1978 to encourage (1) the conservation of energy supplied by electric utilities, (2) the optimization of the efficiency of use of facilities and resources by electric utilities, and (3) equitable rates to electric consumers (Section 101). On March 11, 1980, the District adopted a "Procedures Manual for Hearings under the Public Utility Regulatory Policies Act of 1978" by Resolution No. 80-6248. The District complied with the requirements of PURPA 1978 by holding a public proceeding to consider adoption of a series of standards under Section 111 and Section 113 of PURPA. A final order on hearings conducted pursuant to PURPA 1978 was adopted by the Board of Commissioners on April 28, 1980.

The Energy Policy Act of 2005 (EPA 2005) was enacted on August 8, 2005. Section 1254 of EPA 2005 amends section 111(d) of the PURPA to require utilities to consider adoption of standards for interconnection and whether it is appropriate to offer, upon request, interconnection service to any electric consumer that the electric utility serves (PURPA section 111(d)(15)). Section 1251 of EPA 2005 amends section 111(d) of PURPA by adding a new section for net metering, requiring the District to consider whether it is appropriate to make available, upon request, net metering service to any electric consumer that the District serves (PURPA section 111(d)(11)).

Section 112(d) of PURPA makes clear that the District is not required to commence consideration or make a determination regarding these standards if the state legislature has voted on implementation of the standard or a comparable standard prior to enactment of EPA 2005. While the state legislature has taken action with regard to interconnection standards (RCW 80.16 as amended by SSB 5101) and net metering standards (RCW 80.60), the District decided to proceed with the PURPA process in order to fully consider public comment. Due to the relationship between interconnection standards and net metering standards, District staff recommended that it was appropriate to consider these standards jointly.

Therefore, pursuant to EPA 2005, the District was required to begin considering the PURPA interconnection standard by August 8, 2006 and make a determination by August 8, 2007 as to whether it is appropriate to adopt the standard, in whole or in part, and offer such interconnection service, or to not adopt the standard. It was required to begin considering the PURPA net metering standard by August 8, 2007 and to make a final determination by August 8, 2008 whether to adopt the standard, in whole or in part, and offer such net metering service, or to not adopt the standard.

To initiate consideration of these standards, District staff made a presentation to the Commission on July 24, 2006. The presentation described the proposed standards and set forth a schedule for public comment and hearing. On August 6, 2006, a legal advertisement notifying customers of an opportunity to submit public comment with regard to these standards appeared in The Wenatchee World. On October 13, 2006, an additional legal advertisement notifying customers of a hearing scheduled for November 13, 2006 appeared in The Wenatchee World. In addition, display advertisements inviting public comment and participation were placed in the paper on August 6, October 13, and October 29, 2006. These advertisements indicated that written public comment was due November 1, 2006 and that interventions in today's hearing were due to the hearing's presiding officer by November 3, 2006. No public comment was received and there were no requests for intervention. The legal notices and the public comment have been submitted for the hearing record.

On November 13, 2006, the properly noticed public hearing was held. Staff made a presentation to the Commission identifying staff recommendations relating to adoption of interconnection standards and net metering standards pursuant to sections 111(d) of PURPA. The District complied with the public notice and hearing procedures set forth in the "Procedures Manual for Hearings under the Public Utility Regulatory Policies Act of 1978" adopted by the Board in March, 1980.

With regard to PURPA standard 111(d)(11), staff reported that the District already offers net metering Schedule 20, which was adopted in 2001. This schedule allows for "netting" customer generation against energy charges. The schedule is limited to customer generators of 25kW or less. In 2006, the state legislature modified RCW 80.60 to increase the size of eligible net metering customer generators to 100kW or less, along with other modifications. District staff recommended that the Commission not adopt the net metering standard set forth under PURPA section 111(d)(11). Instead, staff recommended that the Commission update the District's current rate schedule 20 to reflect the 2006 legislative updates to RCW 80.60.

With regard to PURPA standard 111(d)(15), staff reported that the District has offered interconnection standards for customer generators up to 10 MW since the 2001 energy crisis. In addition, District staff participated in the Washington PUD Association Public Power Ad-hoc Interconnection Standards Committee (PPAISC), which developed detailed interconnection standards for customer generators of up to 25kW. These 25kW or less interconnections standards have been adopted by at least 90 percent of electric utilities in the State of Washington. The District was one of the first to adopt them and did so in January, 2006. District staff recommends that the Commission not adopt the interconnection standard set forth in PURPA section 111(d)(15). Instead, staff recommends that the Commission continue to consider interconnection standards as developed by the PPAISC.

ACTION

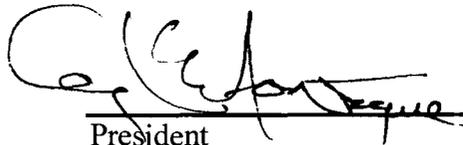
IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY that:

Pursuant to sections 1251 and 1254 of the EP Act 2005, the Board of Commissioners of Chelan County PUD has determined:

Section 1. It is not in the best interests of the District to adopt PURPA standard 111(d)(11) with regard to net metering. Rather, District rate schedule 20 should be updated to reflect legislative updates to RCW 80.60, particularly as it pertains to providing net metering services to customer generators of 100kW or less, and presented to the Board at a future date.

Section 2. It is not in the best interest of the District to adopt PURPA standard 111(d)(15) with regard to interconnection service. Rather, the District should continue to provide interconnection service to customer generators of up to 10MW and adopt the specific interconnection services developed by the PPAISC for customer generators of 25kW or less after a presentation to the Board at a future date.

Dated this 13th day of November 2006.



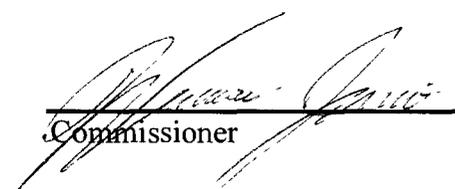
President

ATTEST:

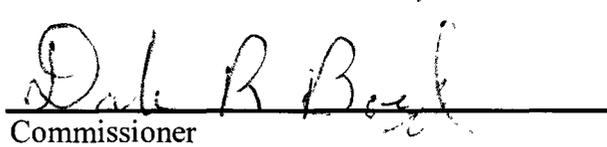
Vice President



Secretary



Commissioner



Commissioner

You're invited

published
Oct 13, 2006
Oct. 29, 2006

Chelan County PUD commissioners will hold a hearing at 2 p.m. on Nov. 13, 2006, in the boardroom at 327 N. Wenatchee Ave., to consider adopting proposed standards for:

- Interconnection of third-party generation facilities to its electric utility delivery system
- Net metering service to electric consumers served by its electric utility delivery system
- Time-based metering and communications

If you plan to take part in the hearing, you must notify Carol Wardell, hearings officer, at 661-4316, by Nov. 3, 2006.

The federal Public Utility Regulatory Policy Act and the Energy Policy Act of 2005 require electric utilities to consider these standards. For details on how to take part in the hearing, please see the legal advertising in today's classified section of this newspaper or visit www.chelanpud.org and click on Public Utility Regulatory Policy Act.

CHELAN COUNTY
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STATE OF WASHINGTON
COUNTY OF CHELAN

Wenatchee World

CHELAN CO PUD/LEGAL ADS
ATTN: DINA
PO BOX 1231
WENATCHEE WA 98807-1231

REFERENCE: 33618
231934 ISOP 6320 532100 184

The Wenatchee World is a legal newspaper published in Chelan County, Washington, and approved as such by the Superior Court of said County and State.

HEARING NOTICE OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY REGARDING INTERCONNECTION, NET METERING AND TIME-BASED METERING AND COMMUNICATIONS STANDARDS PROPOSED FOR CONSIDERATION UNDER THE PUBLIC UTILITY REGULATORY POLICIES ACT

TO INTERESTED PERSONS

The Board of Commissioners of the Chelan County PUD (Commission) will hold a public hearing on November 13, 2006 at 2:00 pm to consider whether it is appropriate to adopt, in whole or in part, or not adopt certain standards proposed under the Public Utility Regulatory Policies Act (PURPA). Per this notice, the Commission invites public participation in the hearing, which will be held in the PUD Boardroom at 327 N Wenatchee Avenue. To participate as a party, any person or entity should file a petition to intervene with the hearings officer, Carol Wardell, no later than November 3, 2006 at 661-4316

BACKGROUND

On August 6, 2006, the Commission publicly noticed that it would begin consideration of standards to govern 1) the interconnection of third party generation facilities to its electric utility delivery system, 2) net metering service to electric consumers served by its electric utility delivery system, and 3) time-based metering and communications. The notice of consideration was published by August 8, 2006 in accordance with the Public Utility Regulatory Policies Act of 1978 as amended by the Energy Policy Act of 2005.

Pursuant to that notice, the Commission explained that it would hold a public hearing after the conclusion of a written comment period, which closes November 1, 2006.

The Commission has established a public website with information about PURPA and the standards being considered. The site also includes useful documents such as a power point of a July, 2006 staff presentation to the Commission and links to previous legal notices published on this topic. Visit www.chelanpud.org/PURPA.html

PETITIONS TO INTERVENE

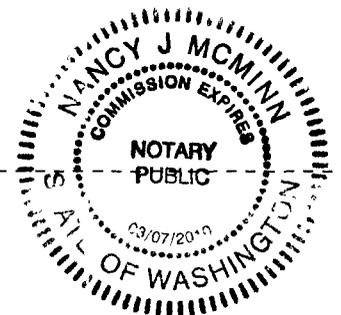
Petitions to intervene shall be in writing, include contact information, and identify the parties to the petition and their interest in the proceeding. The intervention shall state the position of the parties with respect to the adoption of a standard and summarize the party's testimony. Petition to intervene forms are available on the District's PURPA web site or by contacting the hearings officer at 661-4177.

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Subscribed and sworn to before me this 26th day of Oct, 2006.

Nancy J McMin
Notary Public in and for the State of Washington, residing in Wenatchee.



06-12995

THE WENATCHEE WORLD, WENATCHEE, WASHINGTON
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STATE OF WASHINGTON
COUNTY OF CHELAN

Wenatchee World

CHELAN CO PUD/LEGAL ADS
ATTN: DINA
PO BOX 1231
WENATCHEE WA 98807-1231

REFERENCE: 33618
226746 Suzanne Grassel- NOT

The Wenatchee World is a legal newspaper published in Chelan County, Washington, and approved as such by the Superior Court of said County and State.

PUBLISHED ON: 08/06

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FILED ON: 08/06/06

Subscribed and sworn to before me this day of Oct., 2006.

[Signature]
Notary Public in and for the State of Washington, residing in Wenatchee.



NOTICE OF INQUIRY BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY FOR PUBLIC COMMENT ON INTERCONNECTION AND NET METERING STANDARDS PROPOSED FOR CONSIDERATION UNDER THE PUBLIC UTILITY REGULATORY POLICIES ACT AND CHAPTER 201, LAWS OF 2006.

TO INTERESTED PERSONS

Pursuant to sections 1251 and 1254 of the Energy Policy Act of 2005 (EPA ct), amendments to Chapter 80.60 RCW, Chapter 201, Laws of 2006 (HB 2352), the Board of Commissioners of the Chelan County PUD (Commission) hereby gives notice that it will consider establishing standards to govern 1) the interconnection of third-party generation facilities to its electric utility delivery system and 2) net metering service to electric consumers served by its electric utility delivery system.

The Commission intends to hold a public proceeding to consider whether it is appropriate to adopt, in whole or in part or not adopt such interconnection and net-metering standards. Per this notice, the Commission invites written comments on the net metering and interconnection standards currently in place at Chelan County PUD, which can be found at www.chelanpud.org or requested in hard copy by calling 661-6645. The Commission also invites the submission of alternate proposals. Based upon comments or proposals received, the Commission will schedule a workshop or hearing pursuant to subsequent public notice. Initial comments and proposals are due by November 1, 2006.

BACKGROUND

Energy Policy Act of 2005
On August 3, 2005, the President signed the Energy Policy Act of 2005 (EPA ct 2005). Section 1254 of EPA ct amends section 111(d) of the Public Utility Regulatory Policies Act of 1978 (PURPA) to require utilities to consider adoption of standards for interconnection and whether it is appropriate to offer, upon request, interconnection service to any electric consumer that the electric utility serves. The term "interconnection service" means service to an electric consumer under which an on-site electrical generating facility on the consumer's premises may be connected to the local distribution facilities (Section 111(d)(15)). By law, electric utilities must begin considering interconnection standards by August 8, 2006 and, by August 8, 2007, make a determination as to whether it is appropriate to adopt standards, in whole or in part, and offer such interconnection service or not adopt the standards.

Section 1251 of EPA ct amends section 111(d) of PURPA by adding a new section for net metering. This section requires each electric utility to consider whether it is appropriate to make available, upon request, net metering service to any electric consumer that the electric utility serves. The term "net metering service" means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period (Section 111(d)(11)). By law, electric utilities must begin considering this standard by August 8, 2007 and make a final determination by August 8, 2008 whether to adopt the standard and offer such net metering service.

Due to the relationship between net metering standards and interconnection standards, the Commission has determined to consider these standards jointly.

Washington State Requirements on Net metering

Washington State law requires all electric utilities to make net metering of electricity available to customer-generators, subject to certain qualifications (RCW 80.60) and limited to certain renewable and other resources. During the 2006 session, the Washington State Legislature amended the state net metering standards by passing HB 2352, Chapter 201, Laws of 2006. This law amended RCW 80.60, the state's net metering statute which requires utilities to offer net metering service for certain facility types and sizes, reserving half of a utility's net metering capacity for renewable resources. Specifically, RCW 80.60 was amended by 1) raising the eligible facility size from 25 kW to 100 kW, 2) adding to the list of eligible facilities to include small combined heat and power facilities and those fueled by biogas from animal waste, 3) increasing the total capacity of net metered systems on the distribution system from 0.1% of the systems 1996 peak to 0.25%, with an additional increase to 0.5% in 2014, and 4) allowing a public utility district to specifically limit interconnection to any distribution feeder, circuit, or network based on safety or reliability (Chapter 201, 2006 laws). While this comparable standard qualifies as prior state action under EPA ct 2005 and thereby would not require consideration, this Commission intends to seek public input on amending its net metering standards (including relevant interconnection standard) required pursuant to RCW 80.60.

PUBLIC UTILITY REGULATORY POLICIES ACT

PURPA is intended to encourage 1) the conservation of energy supplied by electric utilities, 2) the optimization of the efficiency of use of facilities and resources by electric utilities; and 3) equitable rates to electric consumers (Section 101). The Commission will consider whether a proposed standard for interconnection and net metering meets these purposes of PURPA.

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 (Section 117(b)). Should the Commission adopt the proposed interconnection standard, in whole or in part, they must...