

PURPA and the Energy Policy Act of 2005

Chelan County PUD
July 30, 2007



Overview

- ❑ No action required today – information only
- ❑ 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 topics: Renewable Portfolio Standard and 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
- Originally six federal standards

New PURPA Standards

- Four standards were added in 1992's Energy Policy Act
- **Five standards were added in 2005's Energy Policy Act**

Net metering	Addressed in 2006
Time-based metering and communications	Addressed in 2006
Interconnection	Addressed in 2006
Fuel diversity	Need to address
Fossil fuel generation efficiency	Need to address

Energy Policy Act/PURPA Language

- Fuel Sources – “Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.”
- Fossil Fuel Generation Efficiency – “Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.”



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	PURPA deadline to begin consideration	Complete determination	Notes
Smart metering	August 8, 2006	District hearing on November 13, 2006	Resolution No. 06-12996
Interconnection	August 8, 2006	District hearing on November 13, 2006	Resolution No. 06-12995
Net metering	August 8, 2007	District hearing on November 13, 2006	Resolution No. 06-12995
Fuel diversity	August 8, 2007	August 8, 2008	Hearing in November, 2007
Fossil fuel efficiency	August 8, 2007	August 8, 2008	Hearing in November, 2007



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 30, 2007	Initial Board briefing on PURPA
August 5, 2007	Publish notice on 1) consideration of fuel diversity standard and 2) staff recommendation “not to adopt” (as not applicable) the fossil fuel efficiency standard. Request public comments or proposals
October 19, 2007	Publish notice of hearing
November 4, 2007	Publish advertisement of hearing
November 19, 2007	Hold hearing on fuel diversity standard and approve a resolution determining whether to adopt, not adopt or adopt in part Approve resolution not to adopt fossil fuel efficiency standard



Preliminary Recommendations

- Fossil fuel efficiency standard
 - Not adopt as not applicable to the District
- Fuel diversity standard
 - Energy Resources will develop a recommendation for fuel diversity, based on staff input, written comments, and recent state initiatives and legislation



Factors to Consider

- Renewable Portfolio Standard
- Integrated Resource Planning
 - Electric utilities required 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



Questions
