



Utah Public Service Commission
Technical Conference
Docket No. 06-999-03

Energy Policy Act of 2005 PURPA
Amendments

August 30, 2006

1:30 p.m. Heber Wells Building, Room 401

Quick Review of EPAct 2005

- Signed into law on August 8, 2005 (date of enactment)
- Among other things, requires each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each non-regulated electric utility to conduct a “consideration and determination” of five new PURPA standards added to PURPA Section 111(d) within a defined time period
- Five new standards
 - Net Metering
 - Interconnection
 - Time-Based Metering and Communications
 - Fuel Sources
 - Fossil Fuel Generation Efficiency

Technical Conference Issues

- Purpose of Technical Conference: To familiarize parties with the issues and current practices associated with the five new standards as a basis for determining next procedural steps
- Specific Issues:
 - Applicability
 - Requirement to consider, make a determination, and implement if applicable
 - Prior State Actions
 - Procedural Requirements
 - Path Forward

Applicability

- Applies to each utility in any calendar year, if the total sales of electric energy by such utility for purposes other than resale exceeded 500 million kilowatt-hours during any calendar year.
- Recently DOE issued a list of applicable utilities:

Regulatory Authority:
Private Companies:

Utah Public Service Commission:
PacifiCorp

The following PURPA-covered utilities within the State of Utah are not subject to the ratemaking authority of the Utah Public Service Commission:

- Municipals: City of St George, Provo City Corporation
- Cooperatives: Moon Lake Electric Assn. Inc., Wells Rural Electric Co.
- State: Navajo Tribal Utility Authority

What Does PURPA Require of the Commission and Electric Utilities?

- State commissions are required to consider, make a determination, and implement each standard if so determined based upon the purposes of PURPA
- While state commissions are required to consider the new PURPA standards in light of the PURPA goals, state commissions are not required to adopt the standards. PURPA specifies that the state commissions may implement any standard, decline to implement any standard, or adopt different or modified standards from those described in the statute. However, if a state commission declines to implement any standard, it is required to state in writing the reason for its decision and make that statement available to the public.
- Purposes of PURPA
 - Conservation of energy supplied by electric utilities
 - Optimization of the efficiency of use of facilities and resources by electric utilities
 - Equitable rates to electric consumers

2005 EPAct PURPA Deadlines*

16 U.S.C. § 2621(d) Standards	August 8, 2006	August 8, 2007	August 8, 2008
Net Metering		Consideration	Determination
Fuel Sources		Consideration	Determination
Fossil Fuel Generation Efficiency		Consideration	Determination
Time-Based Metering and Communications**	Consideration	Determination**	
Interconnection	Consideration	Determination	

* If a state commission fails to comply with the specified dates for consideration and determination then the state commission must undertake the consideration and determination in the first rate proceeding commenced after the date three years after August 8, 2005.

** 1) The Time-Based Metering and Communications standard itself specifies that each electric utility shall offer each of its customer classes a time-based rate schedule by February 8, 2007, which is before the deadline for making a determination for this standard. If the standard were adopted exactly as drafted, utilities would be required to implement certain provisions before the end of the two-year decision making period of the regulatory authority. PURPA, itself, however, provides state commissions the ability to alter time periods within the standard to accommodate their schedules – see below Section II.A. - Requirement to Consider, Make a Determination and Implement.

2) If no comparable state action exists for this standard, PURPA requires each state commission to conduct an investigation and issue a decision by February 8, 2007, as to whether or not it is appropriate for electric utilities to provide and install time-based meters and communications for each of their customers enabling such customers to participate in time-based pricing rate schedules and other demand response programs.

PURPA Procedural Requirements

- PURPA specifies the procedural requirements for consideration and determination that state commissions are to follow.
 - The *consideration* shall be made after public notice and hearing.
 - The *determination* shall be
 - in writing,
 - based upon findings included in such determination and upon the evidence presented at the hearing, and
 - available to the public.

Prior State Actions

- Prior state actions addressing net metering, fuel sources, fossil fuel generation efficiency and interconnection are grandfathered and no further consideration of the standards is required if the state has already implemented the standard or a comparable standard, the state commission has conducted a proceeding considering implementation of the standard or comparable standard, or the state's legislature voted on implementation of the standard or comparable standard. For the time-based metering and communications standard, the prior state action by the state commission must have been conducted in a proceeding considering implementation of the standard or comparable standard within the previous three years before August 8, 2005, or the state's legislature voted on implementation of the standards or comparable standard also within the previous three years before August 8, 2005.

I. PURPA Net Metering Standard

- Prior State Actions:
 - Net Metering Standard enacted by Law in 2002 and became effective on May 6, 2002, pursuant to Utah Const., Art. VI. Sec. 25, requiring electrical corporations to make a net metering program available to their customers.
 - Public Utilities Statute: 54-15-101 to 106 – Net Metering of Electricity
 - May 2002: PacifiCorp submitted tariff advice letter which was approved by Commission

I. PURPA Net Metering Standard

- Net Metering Discussion Items/Questions:
 - Please provide a description and brief history of your net metering program. To what rate schedules does net metering apply and how many customers are currently enrolled in net metering programs?
 - What are the types and cost of meter technology currently being used for net metering?
 - What is the current generating capacity in the net metering program and how is this determined?
 - Have any net-metering credits expired at the end of the year since the program's inception?
 - Are there charges associated with meter installation and interconnection of net-metering facilities?
 - What is the term of the Interconnection Agreement Contract for net metering? Under what conditions are interconnection agreements required for net meter contracts?

I. PURPA Net Metering Standard

- Net Metering Issue -- UCA 54-15-102 (2) defines a “customer generation system” as a fuel cell or renewable facility that:
 - has a generating capacity of no more than 25 kilowatts;
 - is located on the premises of the electrical corporation’s customer;
 - operates in parallel and is interconnected with the electrical corporation’s transmission and distribution facilities;
 - is intended primarily to offset part or all of the customer’s requirements for electricity; and
 - is controlled by an inverter.
- Do we need to revise the definition “customer generation system” so that it applies to other types of facilities which may not be controlled by an inverter?

II. PURPA Interconnection Standard

- Prior State Actions:
 - Net metering interconnection addressed in 54-15-106 enacted by Law in 2002 and became effective on May 6, 2002, pursuant to Utah Const., Art. VI. Sec. 25, requiring electrical corporations to allow customer generation systems to be interconnected to their facilities.
 - Public Utilities Statute:
 - 54-15-106 – Customer to provide equipment necessary to meet applicable code requirements – Commission may adopt additional requirements – Testing and inspection of interconnection

II. PURPA Interconnection Standard

- Interconnection Discussion Items/Questions:
 - Please describe your current interconnection procedures and agreements for distributed generation.
 - What is the average cost of interconnection for the various customer classes and are there any additional insurance requirements specified in the interconnection agreements?
 - Are applicable IEEE standards specifically spelled out in your interconnection agreement(s) or procedure(s)?
 - For any studies required by the various interconnection agreements who must pay the cost of studies?
 - Do your company's interconnection agreements comply with the model code adopted by NARUC?

III. PURPA Time-Based Metering and Communications Standard

- Prior State Actions: Commission has approved various time-of-day tariff options submitted by PacifiCorp. More recently, in April 2004 the Commission approved a revised Schedule 2 Residential Time-of-Day tariff.
- Special Note on Time-Based Metering and Communication: In making the determination with respect to the standard on time-based metering and communication each state regulatory authority must conduct an investigation and issue a decision by February 8, 2007, whether or not it is appropriate for electric utilities to provide and install time-based meters and communications devices for each of their customers which enable such customers to participate in time-based pricing rate schedules and other demand response programs.

III. PURPA Time-Based Metering and Communications Standard

- Time-Based Metering and Communications Discussion Items/Questions:
 - Please provide a description of your time-based rate program with respect to (B)(i),(ii), (iii) and (iv) and discuss the types of rate schedules and customers to which these apply.
 - How often does your company replace or upgrade meters for the various customer classes?
 - What type of technology exists to implement smart metering with communications to the various customer classes and what would be the capital cost to install such metering? Please discuss cost differences among metering equipment required to implement time-based rate schedules.
 - Does your company have meters with smart metering capabilities in place? If so, please describe.
 - Has your company conducted any studies in Utah to determine if time-based metering programs affect customer behavior and/or if your company's current programs are sending accurate price signals?

IV. PURPA Fuel Sources Standard

- Prior State Actions:
 - Docket 90-2035-01 – In the Matter of Analysis of an Integrated Resource Plan for PacifiCorp:
 - Report and Order on Standards and Guidelines
 - Attachment A Standards and Guidelines for Integrated Resource Planning for PacifiCorp, Utah Jurisdiction
 - Integrated resource planning is a utility planning process which evaluates all known resources on a consistent and comparable basis, in order to meet current and future customer electric energy services needs at the lowest total cost to the utility and its customers, and in a manner consistent with the long-run public interest. The process should result in the selection of the optimal set of resources given the expected combination of costs, risk and uncertainty.

IV. PURPA Fuel Sources Standard

- Fuel Sources Discussion Items/Questions:
 - Please provide a description of the megawatt capacity and fuel sources of your company's current generation and power purchase portfolio.
 - What changes to this portfolio are anticipated in the next five years?
 - What efforts has your company taken in the past five years to encourage renewable technologies?

V. PURPA Fossil Fuel Generation Efficiency Standard

- Prior State Actions: ?



V. PURPA Fossil Fuel Generation Efficiency Standard

- Fossil Fuel Generation Efficiency Discussion Items/Questions:
 - Does your company currently have a strategic plan for increasing fossil fuel generation efficiency? If so, what is the plan?
 - What sort of measures has your company implemented to track generation efficiency?
 - If a strategic plan for increasing generation efficiency and measures to track generation efficiency both exist, how are they incorporated into the budget process?

Next Procedural Steps

August 30, 2006 Technical Conference

Division Convenes Work Group to Develop Evaluation Questions

- 1) Questions Distributed to Parties
- 2) Answers Submitted to Commission
- 3) Responses compiled by Division

- 1) Division Completes Smart Metering with Investigation Report
- 2) Division files report and compiled comments with recommendation.
- 3) Report distributed for comments

Report and final comments provided to the Commission for review and final determination.

Alternative X

Alternative Y