



State of Utah

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To: PURPA Work Group List, Docket File

From: Carol Revelt

Date: October 5, 2006

Re: Minutes of September 19, 2006 Work Group Meeting on 2005 EPAct
Amendments to PURPA – Docket 06-999-03

Attendees: Dave Taylor, Rocky Mountain Power (RMP)
Mike Peterson, Utah Rural Electric Association
Sarah Wright, Utah Clean Energy
Mark Case, Int. Regional App. Center CHP
Judith Johnson, DPU
Andrea Coon, DPU
Artie Powell, DPU
Connie White, DPU
Cheryl Murray, CCS
Carol Revelt, PSC

On September 19, 2006, a meeting was held in room 401 of the Heber Wells building with the purpose of determining how to address the “consideration and determination” requirements associated with the five new standards which are amendments to the Public Utility Regulatory Policies Act (PURPA) enacted by the 2005 Energy Policy Act (EPAct). The meeting was a follow-up to the August 30, 2006 technical conference on this subject.

Discussion Item #1: Scope of Work Group and Schedule

The first major issue discussed dealt with the scope of the work group and what needed to be completed based upon the information provided during the technical conference. A question was raised as to whether the work group should broaden its efforts to ensure that the standards are addressed not only in terms of EPAct but also of state specific issues such as barriers to entry, ways to shave peak energy usage, and overall energy efficiency. The discussion touched on regulatory deadlines included in EPAct. The group concurred that the focus should be on the EPAct requirements but that the work could be used in support of future investigations on energy efficiency within the state. There was also discussion on what it means to adopt a standard and what constitutes a “comparable” standard.

Discussion Item #2: Work Group Leader

During the meeting it was agreed that Judith Johnson of the Division of Public Utilities would lead the investigation addressing the PURPA requirements with support from the work group.

Discussion Item #3: Investigation Associated with the Time-based Metering and Communication Standard

In light of the EPAct-mandated February 8, 2007, deadline to conduct an investigation and issue a decision as to whether or not it is appropriate for electric utilities to provide and install time-

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based meters and communications for each of their customers enabling customers to participate in time-based pricing rate schedules and demand/response programs, there was considerable discussion on how to address this issue while meeting the deadline. Ideas and comments presented during this discussion included:

- RMP currently offers time-based metering to industrial and residential customers, however there is no real-time pricing (RTP) or critical peak pricing (CPP).
- Could RTP or CPP be a mechanism to cut peak usage?
- Why is peak usage growing at twice the rate of off-peak usage?
- Time-of-use (TOU) pricing must be mandatory for it to be effective.
- What price signals need to exist to reduce demand -- i.e., inverted block vs. TOU?
- What have other jurisdictions done regarding TOU metering and how has it affected behavior? What reports exist assessing this issue? What information is available regarding the effectiveness of TOU pricing – i.e., peak, super peak, hourly market, and/or day/week ahead pricing. References were made to EEI Research Committee Reports and Puget Sound Energy's efforts.
- It is important to evaluate prices for owned resources as these prices don't vary by season or by day or by hour -- there are fixed costs associated with these resources. There is a lot of variation in wholesale prices but not for owned resources.
- RMP indicated that their biggest success with residential TOU pricing was in Idaho where net off-peak pricing was substantially lower than peak pricing. They didn't see much reduction of usage – just shifting of usage – filled the valley but didn't shave the peak.
- RMP has had some success with TOU pricing for agricultural/irrigation class schedules.
- What information is available assessing when do price signals matter -- i.e. space heating vs. air conditioning?
- Do high tail block rates, which reflect the most expensive generation costs, impact energy efficiency or change behavior?
- What questions do we want answered? What are the costs and what are the flex points?

Discussion Item #4: Next Meeting/Assignments

The next meeting was scheduled for Friday October 6, 2006, at 1:30 p.m. in room 401. The assignment for the group:

- 1) Determine questions associated with the five new standards which should be addressed as part of the consideration and determination efforts required by PURPA.
- 2) Identify studies associated with time-based metering and summarize the results of the studies to share with the group.

Follow-up Information

Since the work group meeting the following information has been provided by various work-group members.

From Mark Case:

<http://www.comverge.com/events/>

This 90 minute webinar cuts through the hype about demand response and advanced metering strategies - focusing on the key facts that you need to know to reduce your bottom line and ensure rate recovery on these assets. Hear real experiences of industry pros as they share how "smart" energy is working for them.

Tuesday, October 17 | 1:00 PM Eastern

Key Speakers Include:

- * ISO New England (invited)
- * PacifiCorp (invited)
- * Comverge, Inc. (Host & Chair)

Key Topics:

- * Deferred generation & transmission costs
- * Reduced emissions & environmental credits
- * Rate Impact Measurement (RIM) test results
- * Reliability through non-spinning reserve classification
- * Pay-for-Performance Options
- * Ratepayer participation and consumer energy awareness

From Mike Peterson:

There are actually a number of studies out there that look at these issues. Some of those are cited in the EPart Implementation Manual that NRECA and the other industry organizations jointly funded (at pages 92-93). It is available at:

https://www.cooperative.com/general/documents/PolicyResources/PURPA_Manual_completed.pdf

Also see the July 2006 issue of the Electricity Journal article by Mark Reeder, "Want to Put an End to Capacity Markets? Think Real-Time Pricing,"