

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

Implementation Issues Under the Public Utility )  
Regulatory Policies Act of 1978 )

Docket No. AD16-16-000

*Re: Notice Inviting Post-Technical Conference Comments*

**COMMENTS OF THE INDUSTRIAL ENERGY CONSUMERS OF AMERICA**

**I. The Industrial Energy Consumers of America (IECA)**

IECA is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 2,300 facilities nationwide, and with more than 1.6 million employees. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.

**II. Answers to FERC Questions**

**a. One-Mile Rule**

PURPA defines a small power production facility as “a facility which is an eligible solar, wind, waste, or geothermal facility, or a facility which (i) produces electric energy solely by the use, as a primary energy source, of biomass, waste, renewable resources, geothermal resources, or any combination thereof; and (ii) has a power production capacity which, together with any other facilities located at the same site (as determined by the Commission), is not greater than 80 megawatts.”

Section 292.204(a) of the Commission’s regulations states that small power production facilities are considered to be at the same site if they are located within one mile of each other, share the same energy resource, and are owned by the same person(s) or its affiliates. This is commonly referred to as “the one-mile rule.”

1. Should the presumption inherent in the one-mile rule be made rebuttable? If so, who should benefit from the presumption and who should bear the burden of overcoming the presumption; i.e., should the interconnecting utility or the QF be required to rebut the presumption?
  - IECA Response: No response.

2. Alternatively, should the Commission consider modifying the rule to either require projects seeking QF status to be spaced further apart or allowed to be closer together?
  - IECA Response: The current one-mile criteria should remain in place. Utility companies can challenge the rule on a case-by-case basis if they believe the consolidation of loads at a specific QF site is inconsistent with current statutes. The burden of proof to rebut the QF standing should fall with the utility company.

Alternatively, if the Commission determines that an increase to the one-mile criteria is warranted, the new standards should only apply to Small Power Production facilities where the primary purpose is the production and sale of electricity. The increased distance standard should not apply to industrial, commercial, or educational facilities whose primary function is not electricity sales. The standards also should not be retroactively applied to existing QF facilities that were in operation prior to the new standards being adopted.
3. Should the Commission consider a more fact-based analysis based on the criteria proposed by Edison Electric Institute (EEI) and Idaho Commissioner Kjellander, or some other criteria?
  - IECA Response: No response.

**b. Minimum Standards for PURPA-Purchase Contracts**

1. What is an appropriate minimum length of a PURPA-purchase contract, and are there other minimum contract terms and conditions that a developer needs to secure financing?
  - IECA Response: At the June 29 Technical Conference on “Implementation Issues Under the Public Utility Regulatory Policies Act of 1978,” the QF project development community represented that long-term contracts of at least 12 years in length are needed in order to finance QF projects. IECA encourages utilities to develop proposals that support the finance-ability of QF projects and that make it easier for the utility to accommodate the QF generation into their planning. PURPA is the law and serves sound public policy objectives.
2. How would establishing a required minimum contract length or other required contract terms and conditions affect QF development?
  - IECA Response: If a minimum contract length is established that enables QF projects to secure financing, then QF project development would increase. This is the goal that we should aspire to reach.

3. Should the size threshold for requiring standard rates be changed, and, if so, to what?
  - IECA Response: No, the separation between small and large generators seems to be about right.
  
4. Section 292.302 of the Commission's regulations requires electric utilities to provide five and ten years of cost data to state regulatory agencies, and certain small electric utilities are required to provide data to enable QFs to estimate the avoided costs. Section 292.304(e) identifies this data, and state review of such data, as one factor to be used in determining avoided cost rates for QF purchases. To what extent is the data currently being provided? To what extent is this data taken into account and/or is helpful in calculating avoided cost rates?
  - IECA Response: Having utilities file five or ten years of cost data does not necessarily help in setting avoided cost. This is because avoided cost is supposed to be the costs the utility avoids by not installing the incremental unit. So the data that is relevant is the cost data associated with the utility's next build.

Thank you for the opportunity to provide comments on this important issue.

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Respectfully submitted,

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