



Edison Electric
INSTITUTE

PURPA

Lopa Parikh, Edison Electric Institute

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Overview

- Congress enacted PURPA in 1978 in response to the oil crisis
- Goal: Promote increased energy conservation & efficiency, as well as growth in renewable energy
- Cooperative Federalism – FERC implements PURPA in coordination with state regulatory authorities

PURPA § 210:

Mandatory Purchase Obligation

- Requires all electric utilities to purchase electricity at government-set “avoided cost” rates from qualifying facilities (QFs)
- Avoided cost rate must be
 - just & reasonable to electric consumers of the electric utility and in the public interest and
 - non-discriminatory to QFs
- Rates must not exceed incremental cost to the electric utility of alternative energy
- FERC: “the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source.”

EPAAct 2005

- Mandatory purchase obligation ends if FERC finds a QF has nondiscriminatory access to:
 - Independently administered, auction-based day ahead & real time wholesale markets for sale of energy & access to wholesale markets for long-term sales of capacity & energy (“Day 2 markets”) OR
 - Transmission & interconnection services provided by FERC approved regional transmission entity under OATT & competitive wholesale markets that provide meaningful opportunity to sell capacity & energy to buyers other than utility to which QF is interconnected (“Day 1 markets”) OR
 - Wholesale markets for sale of capacity & energy that are of comparable competitive quality

EPAAct 2005 - FERC

- FERC has determined markets of PJM, NY ISO, NE ISO, MISO, SPP, ERCOT & CAISO meet standards
- FERC also adopted a rebuttable presumption that QFs of 20 MW capacity or less lack ability to access competitive markets

FERC

- June 2016 – Technical Conference held to discuss issues associated with FERC’s implementation of PURPA. (Docket No. AD16-16-000)
 - 1-mile rule
 - FERC’s “rebuttable” presumption that QFs 20 MW & below do not have nondiscriminatory access to competitive markets
 - QF curtailment
 - Impact of emerging markets
 - Avoided-cost methodologies
- November 2016 – post-technical conference comments filed
- May 2018 – FERC Chairman announces that the Commission will review its rules implementing PURPA.

Possible FERC Changes

- Provide better guidance to states on avoided cost calculations
 - QF pricing tied to market pricing through RFP/competitive procurements
 - States have ability to determine when legally enforceable obligation arises
- Modify one-mile rule to address opportunities for gaming
- Reduce or eliminate the 20 MW threshold for QFs

State Activity

- NARUC Resolution Regarding the Enforcement of PURPA Standards and Regulations – November 2016
- NARUC letter to FERC – December 2017
 - Rules should reflect current competitive access to markets and use of competitive solicitations
 - Reduce 20 MW threshold
 - 1-mile rule

Congress

HR 4476 - PURPA Modernization Act of 2017 -

- Introduced 11/29/2017

S2776 – Update PURPA Act

- Introduced 4/26/2018

HR1502 – PURPA Modernization Act of 2019

- Introduced 3/5/2019

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Lopa Parikh
Senior Director
Regulatory Affairs
Edison Electric Institute
lparikh@eei.org



Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, D.C. 20004-2696
202-508-5000 | www.eei.org