Tracking State Applications of PURPA

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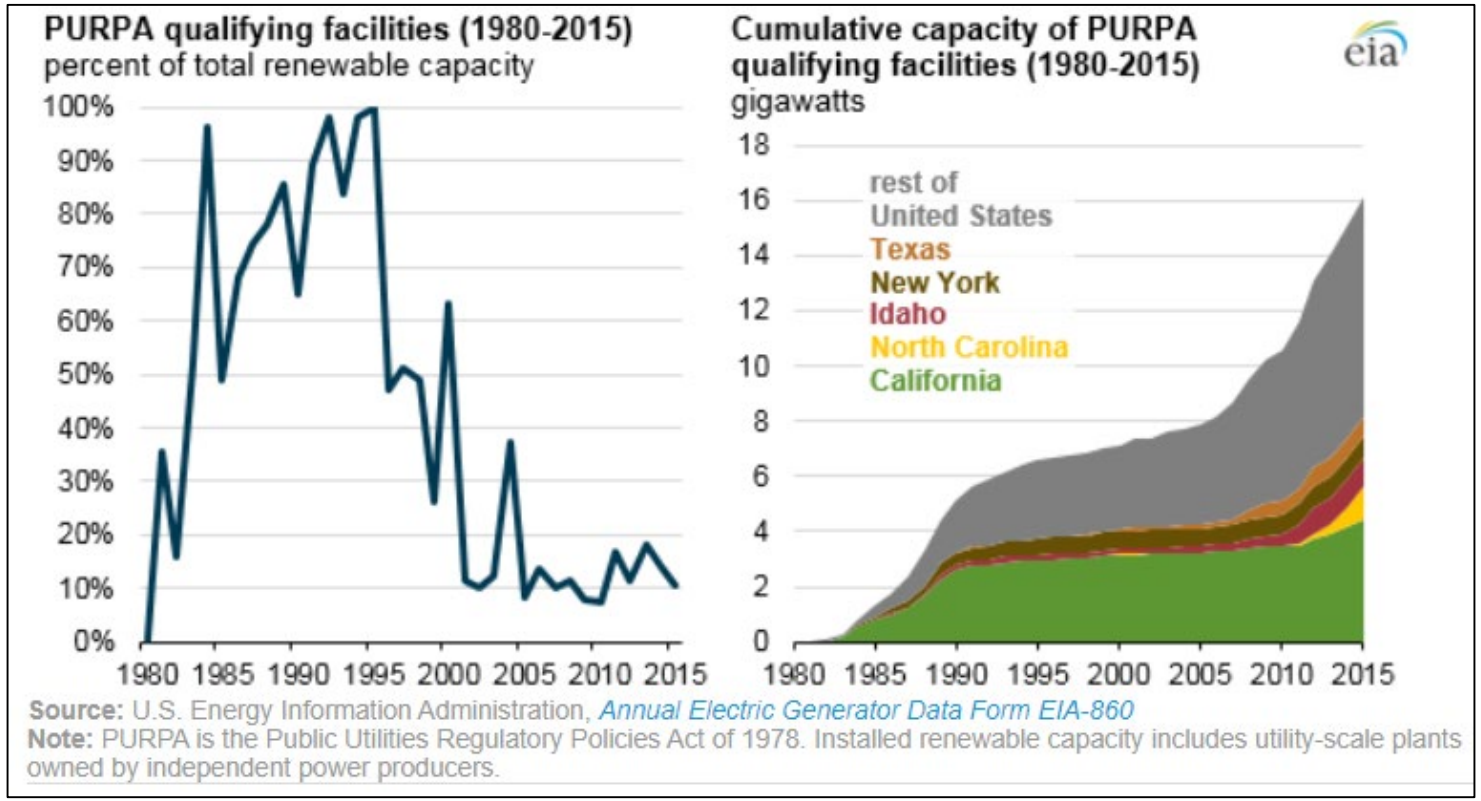
PURPA Background

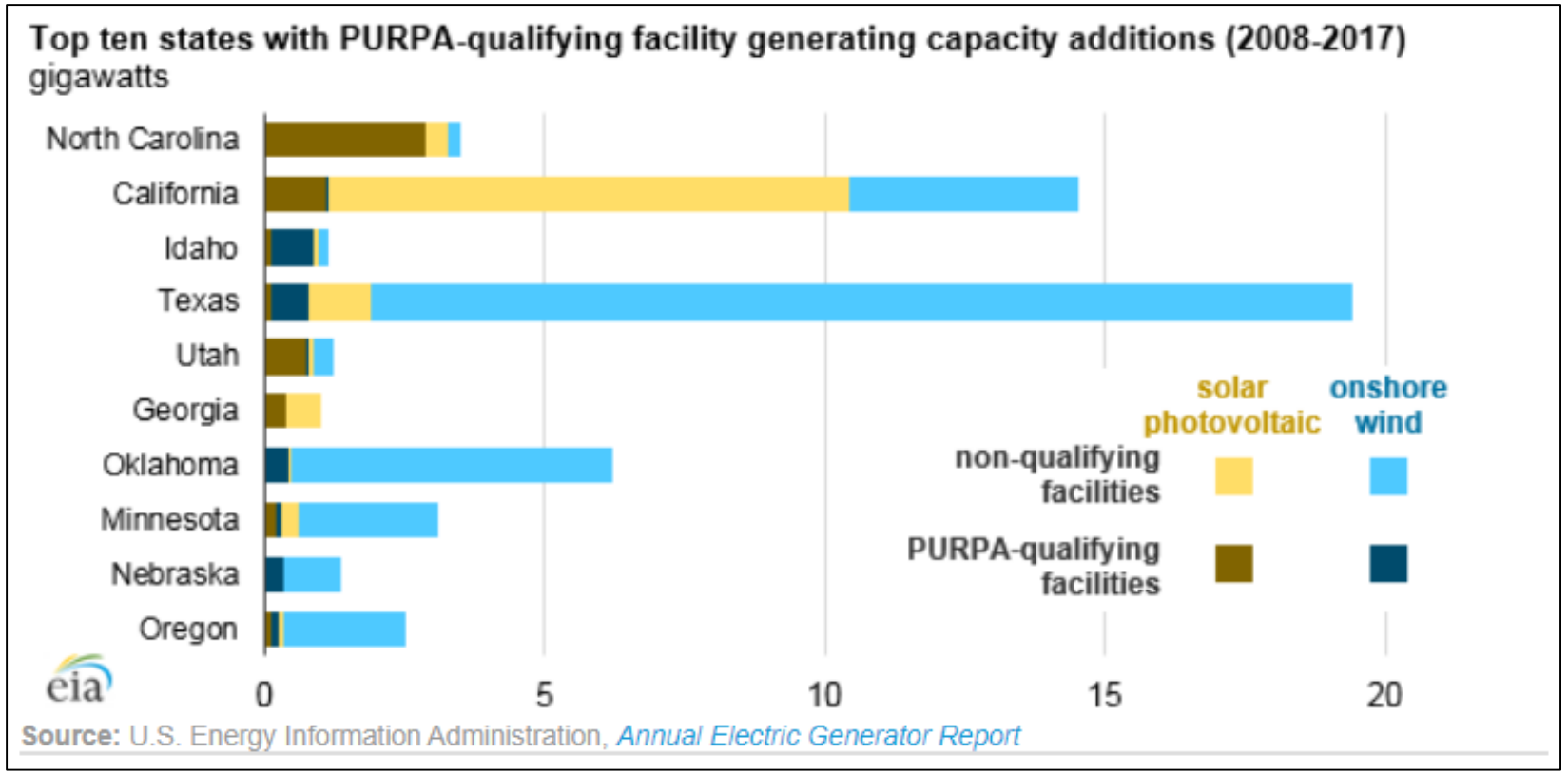
- Enacted in 1978 to create more access for small generation facilities
- Technology, deregulation, lower natural gas prices, and other factors have impacted PURPA implementation
- Federal framework (FERC guidelines) with flexible state implementation



Source: U.S. Energy Information Administration, *Annual Electric Generator Data Form EIA-860*

Source: EIA Today in Energy (August 23, 2016) https://www.eia.gov/todayinenergy/detail.php?id=27632

PURPA Background



Source: EIA Today in Energy (August 16, 2018)
https://www.eia.gov/todayinenergy/detail.php?id=36912#

FERC Order 872 Overview

Avoided Costs Rates

- States maintain ability to set variable energy rates (PURPA does not require QF rates to guarantee financing and FERC believes QFs will be able to obtain financing with variable avoided energy rates)

One-Mile Rule

- Small power production QFs using the same resource presumed to be on separate sites if located more than one but less than ten miles apart (party can rebut this presumption)

Obligation to Purchase

- Lowers the capacity threshold for the rebuttable presumption from 20 MW to 5 MW

Legally Enforceable Obligation (LEO)

- Requires each state commission to establish objective and reasonable criteria to evaluate the financial viability of a QF prior to entering a LEO (or other contract)
- Eliminates the require for utilities offer avoided cost rates for energy (not capacity) based on projections of avoided energy costs over the term of the purchase obligation

Self-Certification

- Introduces a process allowing entities to challenge the status of a proposed QF

Recent Developments

- **September 2020:** FERC Order denied Broadview Solar QF status (found that the facility exceeded the 80 MW statutory limit for small power production)
- **March 2021:** FERC reversed a September 2020 order by allowing hybrid facilities (up to 80 MW) to qualify for PURPA benefits

NRRI Tracker Overview

- State
- Contract Term
- Thresholds to Qualify
- Method (Proxy; Peaker; DRR; Market; Competitive Bidding)
- Avoided Cost Rate
- Amount of Installed QF Capacity
- Comments and Recent Developments

NRRI Tracker Overview

www.naruc.org/nrri/nrri-activities/purpa-tracker/

State	Contract Term	Threshold(s) to Qualify	Method (Proxy; Peaker; DRR; Market; Competitive Bidding)	Avoided Cost Rate	QF Capacity	Comments and Recent Developments
Alabama	Varies by project	200 kW	- Proxy for coal or NG plant - Projected marginal energy costs, based on system dispatch modeling, using marginal spot fuel rates	- Varies by period (season); updated annually - Alabama Power (2020): 2.256-3.449¢/kWh	123 MW	- Docket #U-5213
Alaska*	Not specified; varies by project	100 KW	- Proxy, based on: 1. monthly fuel costs attributable to each type of generation by month; 2. resource heat rate curves determined by the Association; 3. actual generation unit loadings for each hour; 4. metered energy deliveries from QF	Varies by utility: $0.02685/kWh to $0.08496/kWh - Municipality of Anchorage (2019): 0.04048¢/kWh - GVEA (2018): 0.28¢/kWh	30 MW (Railbelt total)	- GVEA Tariff (2016) - TA284-13 (April 2016) - RCA Order U-17-053 (2018) - - Docket R-13-002 – PURPA Regulations - Applicable Regulations: 3 AAC 50.750 – 3 AAC 50.820 - Cogeneration and Small Power Production - Article 2: Cogeneration and Small Power Production

Questions?

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