

PURPA

Legal Notice

Public Utility District No. 1 of Okanogan County

Energy Independence and Security Act

New Federal Standards Required for Consideration

Under the Public Utility Regulatory Policies Act (PURPA)

Notice of Inquiry

To Interested Persons:

Pursuant to section 532 of the Energy Independence and Security Act of 2007 (EISA-07) the Board of Commissioners of Public Utility District No. 1 of Okanogan County (Commission) has given notice that it will consider four (4) new PURPA Standards Section 111 (d) and Section 1307 as well as a Non-PURPA Standard Section 374; 1) Integrated Resource Planning, 2) Rate Design Modification to Promote Energy Efficiency Investments, 3) Consider Smart Grid Investments, 4) Smart Grid Information and 5) Additional Incentives for Recovery, Use, and Prevention of Industrial Waste Energy. The Commission intends to hold a public proceeding to consider whether it is appropriate to adopt, in whole or in part, or not to adopt such standards. Per this notice, the Commission initiates the proceeding and invites written comments and proposals. After the close of comments, the Commission will publish notice of a workshop or hearing to consider comments or proposal received.

Comments and Proposals:

The Commission initiates this process by inviting written comments or proposals on these topics to be submitted between February 15, 2009 and September 15, 2009. Comments and proposals in written or electronic form may be provided to Okanogan PUD by submitting them in writing to Tina Delap, Administrative/Executive Assistant, P.O. Box 912, Okanogan, Washington 98840 or e-mail TINAD@okpud.org. Background information can be obtained at the offices of Okanogan PUD located at 1331 2nd Avenue North, Okanogan, Washington or on the Okanogan PUD website at okanoganpud.org. Proposals must address the five PURPA purposes and cost-effective long range benefits. All comments and proposals will be included in the Okanogan PUD PURPA proceedings.

Background and Summary of the Federal PURPA Standards

The purpose of Title I (“Retail Regulatory Policies for Electric Utilities”) of PURPA, as stated in the 1978 law, was to encourage: (1) conservation of energy supplied by electric utilities, (2) optimal efficiency of electric utility facilities and resources, and (3) equitable rates for electric consumers (PURPA section 101). PURPA originally included in Title I six federal standards in Subtitle B (“Standards for Electric Utilities”). The first five of these federal standards concerned customer rate determination and design. They dealt with: (1) cost of service, (2) declining block rates, (3) time-of-day rates, (4) seasonal rates, and (5) interruptible rates. The last federal standard in the 1978 law was (6) load management techniques. All six standards are listed in PURPA section 111 (d).

PURPA stated that “each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard” and then “make a determination concerning whether or not it is appropriate to implement such standard” (PURPA section 111 (a)). PURPA also states that “nothing in this subsection prohibits any state regulatory authority or nonregulated electric utility from making any determination that it not appropriate to implement any such standard” (PURPA section 111 (a)).

The President signed the Energy Independence and Security Act of 2007 into law on December 19, 2007, which is the date of enactment for purposes of the deadlines set by the law. The statute adds four new federal standards to PURPA section 111(d) for state commissions and utilities to consider and fifth “standard” that is not labeled as a PURPA standard, but is similar in some respects.

INTEGRATED RESOURCE PLANNING. ---Each electric utility shall---

- (A) integrate energy efficiency resources into utility, State, and regional plans; and
- (B) adopt policies establishing cost-effective energy efficiency as a priority resource.

RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.

- (A) IN GENERAL.---The rates allowed to be charged by any electric utility shall---
 - (i) align utility incentives with the delivery of cost-effective energy efficiency; and
 - (ii) promote energy efficiency investments.

- (B) POLICY OPTIONS.--- In complying with subparagraph (A), each State regulatory authority and each nonregulated utility shall consider---
 - (i) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;

- (ii) providing utility incentives for the successful management of energy efficiency programs;
- (iii) including the impact on adoption of energy efficiency as 1 of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;
- (iv) adopting rate designs that encourage energy efficiency for each customer class;
- (v) allowing timely recovery of energy efficiency-related costs and
- (vi) offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.

CONSIDERATION OF SMART GRID INVESTMENTS.----

(A) IN GENERAL.---Each State shall consider requiring that, prior to undertaking investments in nonadvanced grid technologies, an electric utility of the State demonstrate to the State that the electric utility considered an investment in a qualified smart grid system based on appropriate factors, including---

- (i) total cost;
- (ii) cost-effectiveness;
- (iii) improved reliability;
- (iv) security;
- (v) system performance; and
- (vi) societal benefit.

SMART GRID INFORMATION.---

(A) STANDARD.---All electricity purchasers shall be provided direct access, in written or electronic machine-readable form as appropriate, to information from their electricity provider as provided in subparagraph (B).

(B) INFORMATION.---Information provided under this section, to the extent practicable, shall include:

- (i) PRICES.---Purchasers and other interested persons shall be provided with
 - (I) time-based electricity prices in the wholesale electricity market; and
 - (II) time-based electricity retail prices or rates that are available to the purchasers.
- (ii) USAGE.---Purchasers shall be provided with the number of electricity units, expressed in kwh, purchased by them.
- (iii) INTERVALS AND PROJECTIONS.---Updates of information on prices and usage shall be offered on not less than a daily basis, shall include hourly price and use information, where available, and shall include a day-ahead projection of such price information to the extent available.
- (iv) SOURCES.---Purchasers and other interested persons shall be provided annually with written information n the sources of the power provided by the

utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis.

ADDITIONAL INCENTIVES FOR RECOVERY, USE, AND PREVENTION OF INDUSTRIAL WASTE ENERGY.

(a) **CONSIDERATION OF STANDARD.**---

(1) **IN GENERAL.** ---Not later than 180 days after the receipt by a State regulatory authority (with respect to each electric utility for which the authority has ratemaking authority), or nonregulated electric utility, of a request from a project sponsor or owner or operator, the State regulatory authority or nonregulated electric utility shall

(A) provide public notice and conduct a hearing respecting the standard established by subsection (b); and

(B) on the basis of the hearing, consider and make a determination whether or not it is appropriate to implement the standard to carry out the purposes of this part.

(2) **RELATIONSHIP TO STATE LAW.**---For purposes of any determination under paragraph (1) and any review of the determination in any court, the purposes of this section supplement otherwise applicable State law.

(3) **NONADOPTION OF STANDARD.**---Nothing in this part prohibits any state regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to adopt any standard described in paragraph (1), pursuant to authority under otherwise applicable State law.

(b) **STANDARD FOR SALES OF EXCESS POWER.**---For purposes of this section, the standard referred to in subsection (a) shall provide that an owner or operator of a waste energy recovery project identified on the Registry that generates net excess power shall be eligible to benefit from at least 1 of the options described in subsection (c) for disposal of the net excess power in accordance with the rate conditions and limitations described in subsection (d).