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# **The Energy Policy Act of 2005 and Its Revisions to PURPA**

November 13, 2005

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## **EPAct 2005 PURPA Standards**

- The five new PURPA standards are:
  - Net Metering
  - Fuel Sources Standard
  - Fossil Fuel Generation Efficiency Standard
  - Smart Metering (with Time-Based Rate Schedules)
  - Interconnection Standard



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## Net Metering (§ 1251)

- Each electric utility to provide **net metering available upon request.**
- Service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.
- Net metering service to any electric consumer that the electric utility serves.
- Some of the 40 States that already require net metering may not have to make any changes.



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## Fuels Sources Standard (§ 1251)

- **Fuel Sources - Each electric utility to develop plan to minimize dependence on one fuel source and to ensure that electric energy sold is generated using a diverse range of fuels and technologies, including renewable technologies.**



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## Fossil Fuel Generation Efficiency Standard (§ 1251)

- **Fossil Fuel Generation Efficiency** - Each electric utility to develop and implement **10-year plan to increase the efficiency of its fossil fuel generation.**



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## Timelines

**No later than two years** - each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each non regulated electric utility *shall commence the consideration, or set a hearing date for such consideration.*

**Not later than three years** - each State regulatory authority (with respect to each electric utility for which it has ratemaking authority), and each non-regulated electric utility, *shall complete the consideration, and shall make the determination.*



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## Timelines

- **Prior State Actions** – not apply to any standards established in a State, *if* -
  - State has implemented for each utility the standard (or comparable standard)
  - State regulatory authority or nonregulated electric utility has conducted proceeding to consider implementation of standard concerned (or a comparable standard)
  - State legislature has voted on the implementation of such standard (or comparable standard)



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## Smart Metering (§ 1252)

- **Times-based Metering and Communications** – Requires electric utilities to offer time-based rate schedule and time-based meter capable of offering/receiving such rate - **no later than 18 months.**
- Non-exclusive list of smart metering examples:
  - “Time-of-use pricing” - Prices for specific periods and typically changed twice a year
  - “Critical peak pricing” - Prices for peak days, discounts for reducing peak period consumption
  - “Real-time pricing” - Prices may change hourly
  - “Credits” - Large load customers who reduce a utility’s planned capacity obligations



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## Smart Metering (§ 1252)

- Each State regulatory authority shall, **no later than 18 months**, conduct an *investigation and issue a decision* whether it is appropriate to implement the standards set out in (A) and (C).
- State Commissions have **18 months** to *conduct an investigation and issue a decision* as to whether a time-based rate schedule and accompanying time-based meter equipment is appropriate to implement.
  - **State investigation of Demand Response and Time-Based Metering** - each State regulatory authority *shall conduct an investigation and issue a decision* whether it is appropriate for electric utilities to provide and install time-based meters and communication devices for each of their customers.



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## Smart Metering (§ 1252)

- **Federal Guidance on Demand Response** – DOE responsible for educating customers on advanced metering and communications technologies.
- DOE to work with States, utilities, other energy providers to educate consumers to identify barriers to the adoption of demand response programs.
- **Not later than 180 days** – DOE shall provide Congress a report that identifies and quantifies the national benefits of demand response and make recommendation on achieving specific levels of such benefits **by January 1, 2007.**
- **DOE Recommendations Website** – Issued November 7, 2005 – Comments due November 22, 2005.



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## Smart Metering (§ 1252)

- **United States policy on Regional Coordination** - encourage States to coordinate, on a regional basis, State energy policies to provide reliable and affordable demand response services to the public.
- **DOE shall provide technical assistance** to States and regional organizations to assist them in identifying areas with greatest demand response potential, etc.
- **Federal encouragement of Demand Response Devices** – United States policy that time-based pricing and other forms of demand response shall be encouraged.



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## Smart Metering (§ 1252)

- **Not later than one year - FERC** shall prepare and publish an annual report, by appropriate region, that assesses demand response resources.
- **FERC Notice of Voluntary Survey and Technical Conference** in the *Assessment of Demand Response Resources* proceeding (Docket No. AD06-2-000) – Issued November 3, 2005.
- Comments on proposed survey questions due December 5, 2005.
- Requests to participate in Technical Conference due December 5, 2005.
- Comments on proposed Technical Conference topics due December 19, 2005.



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## Timelines

- **Not later than one year** - each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall *commence the consideration, or set a hearing date for such consideration*, with respect to the standard.
- **Not later than two years** - each State regulatory authority (with respect to each electric utility for which it has ratemaking authority), and each nonregulated electric utility, *shall complete the consideration, and shall make the determination*, with respect to the standard.



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  - State has implemented for each utility the standard (or comparable standard)
  - State regulatory authority or nonregulated electric utility has conducted proceeding to consider implementation of standard concerned (or a comparable standard)
  - State legislature has voted on the implementation of such standard (or comparable standard)
- Occurred within the three years prior to the enactment of EPAct 2005.



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## Interconnection (§ 1254)

- Each electric utility shall make available, upon request, **interconnection service** to any electric consumer that the electric utility serves.
- Interconnection service is to an electric consumer under which an on-site generation facility on the customer's premises must be connected to the local distribution facilities.
- Interconnection services shall be offered based on IEEE standards (as they may be amended from time to time).
- Services offered shall promote current best practices of interconnection for distributed generation (including but not limited to the NARUC Model).



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- **Not later than two years** - each State regulatory authority (with respect to each electric utility for which it has ratemaking authority), and each nonregulated electric utility, *shall complete the consideration, and shall make the determination*.



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  - State has implemented for each utility the standard (or comparable standard)
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  - State legislature has voted on the implementation of such standard (or comparable standard)
- Some of the 35 States that already have interconnection standards may not have to make any changes.



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## **Conclusion**

Thank you for the opportunity to speak to you today.

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