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House Environment and Natural Resources Committee - September 22. 2022

PURPA

- In 1978, Congress passed the Public Utility Regulatory Policies Act (PURPA) to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector.

- The legislation originally encouraged industrial waste heat recovery and renewable energy resource development by small, non-utility power producers called "Qualifying Facilities" or "QFs" (under 80mW). Now, wind, solar, micro hydro, geothermal and biomass developers use PURPA to sell power at "avoided cost" rates to Oregon's utilities.

- Although PURPA is a federal law, states are responsible for implementing significant aspects of the law, and Oregon has enacted its own complementary legislation in ORS 758.505, among others.

- Oregon PURPA provides the opportunity for small generators to sell their power at a rate calculated to equal the cost that Utilities would otherwise pay for generation. And it provides for a standard contract approved by the OPUC which saves the costs of negotiating a Power Purchase Agreement with the utility.

- PURPA plays a key role in helping small renewable energy projects, like those that CREA members create, get off the ground. Ensuring the sale of the renewable energy being produced for a long period of time, allows for banks to take the risk of loaning funds to start small renewable production in Oregon.

- Small, local investor PUPRA projects are important to Oregon, and especially rural Oregon because of investment and stable employment for the local communities. Oregon State, the National Renewable Energy Laboratory and the Dept of Energy all have studies demonstrating that these local investor projects return 3-5 times more to the local communities than the larger scale Investor Owned Utilities.

> CREA and other renewable energy organizations are working through revisions to the OPUC rules for standard contracts in AR 631 and other dockets dealing with avoided cost schedules, interconnection and capacity valuation. These processes are long, laborious and favor those with greater resources.

> CREA is trying to work with the investor owned utilities and the OPUC to improve the opportunity for small scale energy producers to secure a market for the power and the means to deliver to consumers.

> **Among the issues related to PURPA we are trying to resolve:**

- The measurement of renewables for compliance with the renewables portfolio standard for small scale projects (less than 20mW) in ORS 215.446 from "Capacity" to "Generation". Currently 10% of the renewable energy for compliance must come from small scale by 2030.

- Increase the eligibility of community solar for standard rates from 3 mW to 10 mW as is the case with wind.

- Adoption of a standard contract and rate for storage generated from renewables.

- Ensuring that small hydro facilities seeking to renew a legacy PURPA power purchase agreement are eligible to be paid for full avoided costs, including capacity costs, from the first day after expiration of a previous contract.

- Revision of standard rates to a levelized schedule as opposed to rom high to low. Idaho and Montana have adopted this type to avoided cost schedules.

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