

ELCON PRESS RELEASE

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COGENERATORS OPPOSE FERC TECHNICAL CONFERENCE ON PURPA

The cogeneration community has responded to a letter to FERC from several Members of Congress seeking a Technical Conference on the Public Utility Regulatory Policies Act (PURPA) by writing FERC Chairman Norman Bay and the other three Commissioners asserting that such a conference is “simply unnecessary and “could result in less cogeneration and less efficient production of electricity.”

The letter, co-signed by the Electricity Consumers Resource Council (ELCON), the CHP Association, and the American Forest & Paper Association (AF&PA) stated that “even holding such a formal Conference could have a chilling effect on CHP facilities that are now being planned.”

The three groups noted that their members are also consumers of electricity and very concerned about the price of electricity from utility’s purchase contracts at above market rates. But they urged the Commission “to look at the large picture” and reject a Technical Conference. A copy of the letter is below.

**THE AMERICAN FOREST & PAPER ASSOCIATION
THE CHP ASSOCIATION
THE ELECTRICITY CONSUMERS RESOURCE COUNCIL (ELCON)**

November 18, 2015

The Honorable Norman Bay
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Mr. Chairman:

You have recently received correspondence from three congressional chairs asking that the FERC hold a Technical Conference to examine “the Commission’s implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA).”

We would like to offer a contrary point of view. The proposed Technical Conference on PURPA is simply unnecessary. Further, the language in the letter cites several specific areas to be covered by the Technical

Conference that can only harm the Combined Heat and Power Industry and result in less cogeneration and less efficient production of electricity.

To cite a few examples, there is no need to revisit the rebuttable presumption that facilities with a capacity at or below 20 MW do not have non-discriminatory access to relevant markets. To remove that presumption will impose significant burdens on small cogenerators, would provide a disincentive for new small power production, and could well result in less cogenerated power.

Similarly, there is no need to revisit the mandatory purchase obligation and the methods used for the establishment of avoided cost rates since each State Commission already fulfills its obligations under PURPA Section 210, although not always to the satisfaction of the incumbent utility.

We understand that the utilities that have pushed their congressional representatives to request a Technical Conference are primarily concerned with PURPA contracts involving power from wind and solar facilities. As consumers, as well as on-site generators, we too are concerned with power sales contracts being executed at well above market rates (though we question why a utility would sign a PURPA contract at 43 percent higher than the market price, as well as why a state commission would approve such a contract). The ultimate costs are borne by the consumer. But we urge the Commission to look at the larger picture. There could well be collateral damage harming large and small CHP facilities – in fact even holding such a formal Conference could have a chilling effect on CHP facilities that are now being planned, but would not be economical if PURPA regulations were to change.

Thank you, and if the Commission should hold such a Technical Conference, we hope we will have the opportunity to participate.

The American Forest & Paper Association
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The CHP Association
Dale Louda (dalelouda@chpassociation.org)

The Electricity Consumers Resource Council (ELCON)
John Hughes (jhughes@elcon.org)

cc:
Commissioner Cheryl A. LaFleur
Commissioner Tony Clark
Commissioner Colette D. Honorable

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and have long supported federal and state efforts to achieve that objective. More information about ELCON is available at ELCON's website, www.elcon.org.