Agenda Date: May 20, 2021
Item Number: A1

Docket: UG-210229
Company: Puget Sound Energy

Staff: Hanna Navarro, Regulatory Analyst

Recommendation

Take No Action, allowing Puget Sound Energy's revision to the WN U-60, Tariff G Schedule 91 to become effective May 21, 2021, by operation of law.

Filing

On April 7, 2021, Puget Sound Energy (PSE or Company) filed with the Washington State Utilities and Transportation Commission (Commission) revisions to Schedule 91. The proposal eliminates the minimum 5-year term and limits the applicability of the Schedule 91 Monthly Rate charges to customer-generator qualifying facilities that do not have Company-provided electric service.

The Public Utility Regulatory Act (PURPA) requires utilities to purchase electricity from producers at avoided cost through power purchase agreements (PPAs).[1] PSE Schedule 91 provides the rates and terms for these standard PPAs. PSE is proposing the following changes:

- Qualifying facilities (QFs) with a capacity up to 5MW are required to use a minimum five-year term agreement. PSE proposes to revise the minimum term year requirement down to "current year" consistent with current WACs and allow QFs to write in a number of years.[2]
- QFs are subject to a set of basic charges based upon the size of the generator and the connecting voltage.[3] These charges are intended to cover the cost of metering, billing, and administration.[4] PSE proposes to eliminate this Monthly Rate charge to QFs that have company-provided electric service.

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[1] Washington Administrative Code (WAC) Chapter 480-106 implements PURPA. Subsection 4 of WAC 480-106-050 requires utilities to offer standard PPAs to qualifying facilities (QFs) with a capacity of five megawatts or less.
[2] The maximum agreement term per the WAC is fifteen years beginning on the date of contract execution or a legally enforceable obligation, but not less than twelve years from the commercial operation date of the qualifying facility and 10 years for an existing QF
[3] The basic charge for Electric Service at the QFs Point of Delivery, if applicable, would still be applicable to these QFs.
[4] The Schedule 91 Monthly Rate Basic Charge is a proxy for some of the costs of administering the tariff schedule and the PPA. These basic (or 'minimum') charges under PSE's electric retail service generally consider the revenue requirement per month per customer for customer related investments and expenses for metering, billing, depreciation, records and collections, A&G, O&M, etc.

Discussion

The minimum term revision provides energy producers greater timing flexibility when they commit to selling energy to PSE. In addition, limiting the applicability of the basic rate to producers that do not take PSE electric-service more precisely assigns the administrative and metering costs of a single customer to one customer location. The combined effect of these changes reduces the barrier to entry for small energy producers to interconnect to PSE's distribution system.

There is support for these changes from the Northwest and Intermountain Power Producers Coalition and the Renewable Energy Coalition. PSE estimates this will result in an annual loss of revenue of $43,010. Despite this minimal revenue impact, the overall effect of the filings is in line with recent public policy. It provides small energy producers easier access to sell their power while minimizing the harm to existing ratepayers.

Conclusion

Eliminating the monthly charge to small generators and allowing shorter PPAs will make interconnection more feasible and more fair for small QFs. Elimination of the monthly rate more accurately charges customers based on their location and results in a minimal cost increase to ratepayers. The Commission should allow these tariff revisions to encourage PSE's development of a more diverse and distributed grid.