

Joint Position of the American Chemistry Council, the American Forest & Paper Association, the CHP Association, and the Electricity Consumers Resource Council (ELCON) in Response to the Draft Language on (1) PURPA and (2) Capacity Markets in RTOs Before the House Energy and Commerce Committee, September 16, 2015

Draft language has been circulated prior to a markup by the House Energy and Commerce Committee on the Public Utility Regulatory Policies Act (PURPA) and on Capacity Markets in the Organized Wholesale Electricity Markets.

The above named associations oppose both proposals.

The proposed FERC Technical Conference on PURPA is simply unnecessary. If FERC wants to revisit any aspect of PURPA, it can do so at any time. However the language 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 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.

The suggested language on Capacity Markets is also unnecessary, and it could prove harmful to large and small end users, as well as to cogenerators and Demand Response participants. It is a simple fact that in this era of energy abundance, with unprecedented supplies of natural gas being brought to market, that some electricity generators, particularly those with fleets that are heavily invested in nuclear generation, are finding their market share diminished because of low natural gas prices. The draft language would prop up those ailing generators, with large and small consumers footing the bill. At the same time, cogenerators could be squeezed out of capacity and energy markets and the ability to utilize Demand Response would be diminished.

We hope that the Committee rejects both of these efforts. Association staff is ready to meet with Committee Members or staff at any time.

Contacts

ACC: Owen Kean (Owen_Kean@americanchemistry.com)

AF&PA: Jerry Schwartz (Jerry_Schwartz@afandpa.org)

CHP Association: Dale Louda (dalelouda@chpassociation.org)

ELCON: Marc Yacker (myacker@elcon.org)