



OREGON  
DEPARTMENT OF  
ENERGY

# 2022 Biennial Energy Report: PURPA 101

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# OREGON DEPARTMENT OF ENERGY

Leading Oregon to a safe, equitable, clean, and sustainable energy future.

## Our Mission

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

## What We Do

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities

# 2022 BIENNIAL ENERGY REPORT

## Goal of the Report

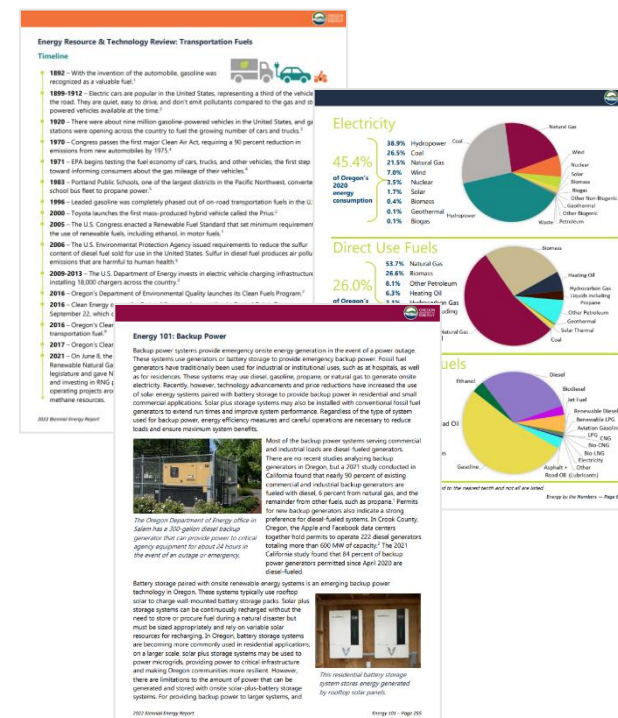
Pursuant to ORS 469.059, provide a comprehensive review of energy resources, policies, trends, and forecasts, and what they mean for Oregon.

## Scoping the Report

Shaped by a data-driven process, equity considerations, and input from stakeholders and the public.

## Designing the Report

Themes cross sections – energy 101s, resource and technology reviews, policy briefs.

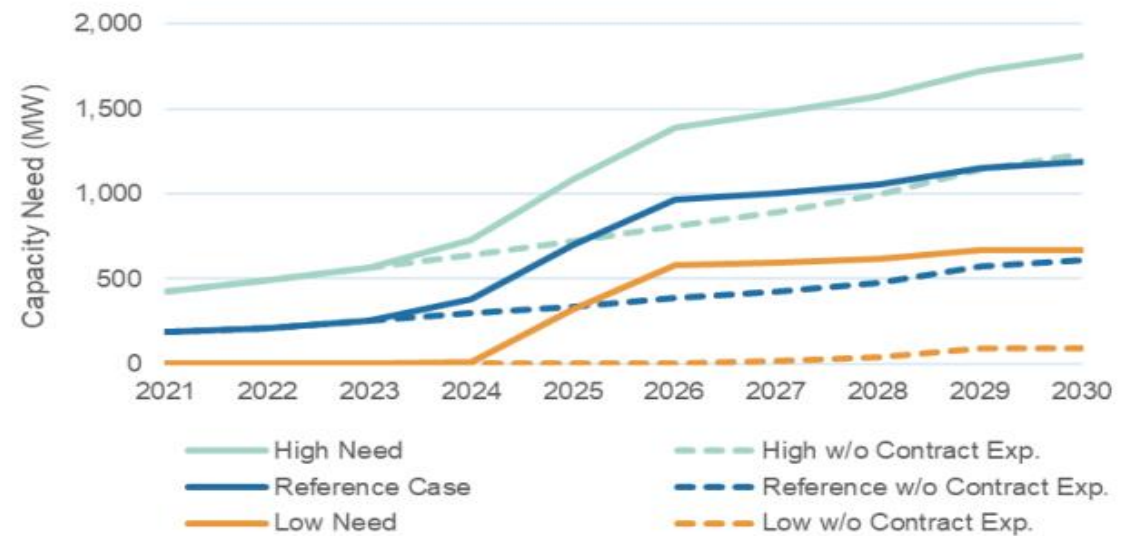


# Electric Sector Resource Planning and Acquisition

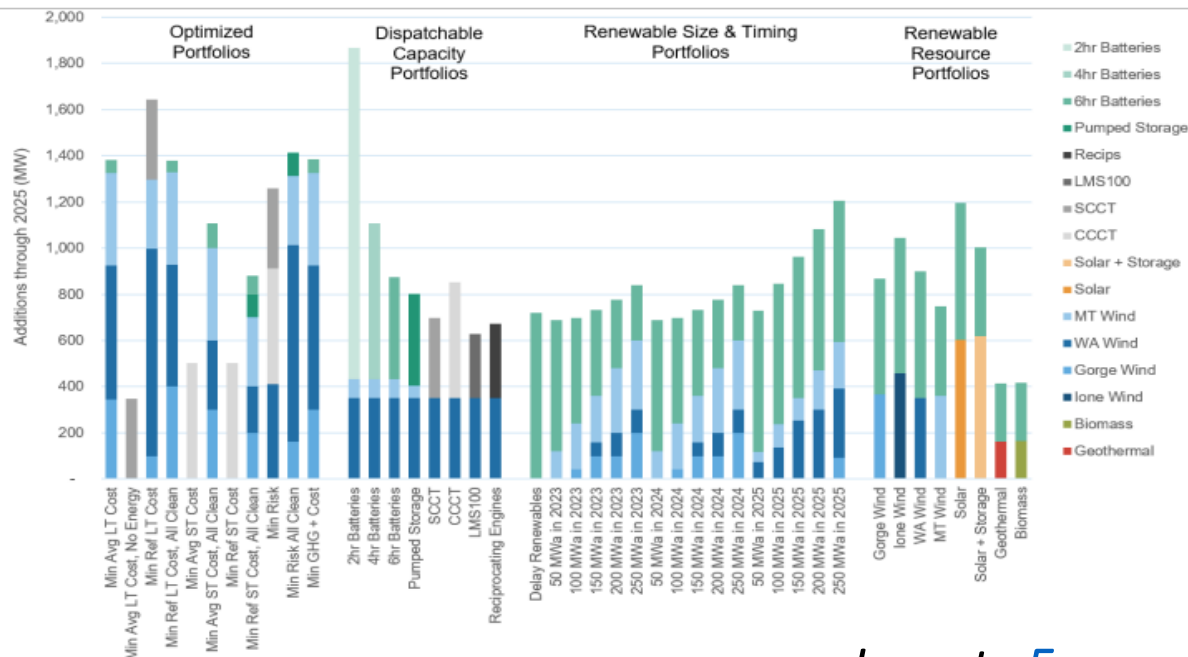
If utility identifies need to add new resources, options are:

1. Spot-market purchases on bilateral market for short term intervals
2. Long term contracts to purchase output of an energy resource
3. Develop utility-owned resources

## PGE Future Capacity Needs Under Various Scenarios



## PGE Resource Additions Through 2025 Across Portfolios



Utilities continuously evaluate energy supply and demand and identify potential future needs for new capacity

- Investor-Owned Utilities (and some Consumer-Owned Utilities) engage in **Integrated Resource Planning (IRPs)**.
- Most the state's Consumer Owned Utilities receive 100% of their **power resource needs from BPA**

**Public Utility  
Regulatory  
Policies Act of  
1978**

**Congress passed PURPA in 1978** to reduce dependence on imported fossil fuels and increase diversity of energy resources while ensuring equitable retail rates for energy consumers.

- “Qualifying Facilities” (QFs) are non-utility generators in the federal PURPA law that fall into two groups:
  1. **Small Power Production Facilities** – 80 MW or less whose primary energy source is renewable
  2. **Co-Generation Facilities** – produce both electricity and another form of useful thermal energy (like heat or steam) in a way that is more efficient than separate production
- PURPA authorized **Federal Energy Regulatory Commission (FERC)** to adopt rules around a Qualifying Facility’s right to sell electricity or capacity to a utility at an “**avoided cost**” rate and right to **purchase certain services** from utilities

**Independent Power Producer or IPP:** A corporation, person, agency, authority, or other legal entity or instrumentality that owns or operates facilities for the generation of electricity for use primarily by the public, and that is not an electric utility.<sup>3</sup>

Public Utility  
Regulatory  
Policies Act of  
1978

PURPA aimed to diversify the country's electricity mix by encouraging development of alternative energy resources.

- **Interconnection Mandate:** Qualifying Facilities are entitled to interconnect to the grid
- **Procurement Mandate:** Utilities must purchase electricity produced by Qualifying Facilities at rates that reflect the purchasing utility's "avoided costs" —the cost the utility would otherwise pay to produce or procure electricity from another source

**Role of the State is to tailor PURPA implementation to the specific market and industry conditions in the state**

- **COUs:** Each **governing board** of Oregon consumer-owned utilities has adopted its own rules for administering PURPA obligations, including the establishment of pricing and contract durations
- **IOUs:** Oregon **Public Utility Commission** is responsible for investor-owned utilities' regulatory oversight of PURPA and aims to encourage the economically efficient development of QFs, while protecting ratepayers by ensuring rates remain just and reasonable

## States have jurisdiction over avoided cost calculations, contract terms and conditions, and interconnection fees and agreements

- Avoided Cost Pricing Methodology – PURPA’s intention that utilities pay QFs for the power output of their projects at a rate that represents the “**avoided cost**” to that utility of having to otherwise procure or purchase that same amount of energy and capacity elsewhere. *States decide what methodology to use* to calculate the avoided cost.
- Contract Terms & Conditions – *States have authority to adopt standard terms and conditions for QF contracts or to require bilateral negotiations* between individual QF projects and the utility obligated to purchase the power output from the project.
- Interconnection Agreements – states have authority on fees and type of interconnection agreements



Effects of PURPA on Renewables Development in Oregon - Between 2000-2020, PURPA QFs were about 650 MW of about 4.5 GW of renewable generating capacity that became operational (QFs were about 14% of all renewable projects).

Wind QFs projects account for 143 MW of that 4.5 GW capacity (or less than 1/4 of all QFs in Oregon)

Figure 4: Oregon Wind Nameplate Capacity (MW) by Year and QF Status<sup>16</sup>

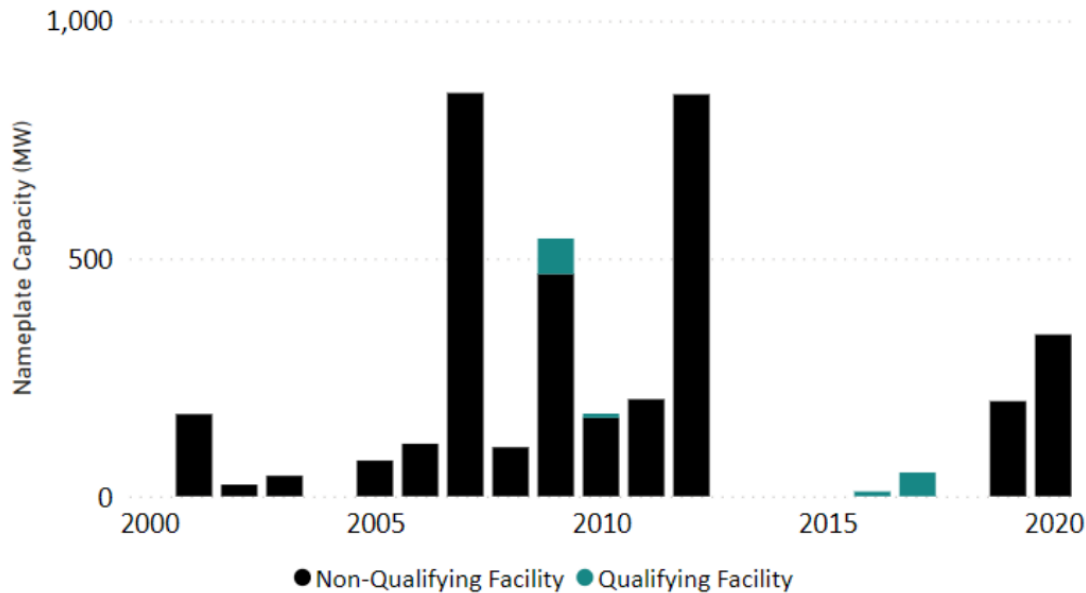
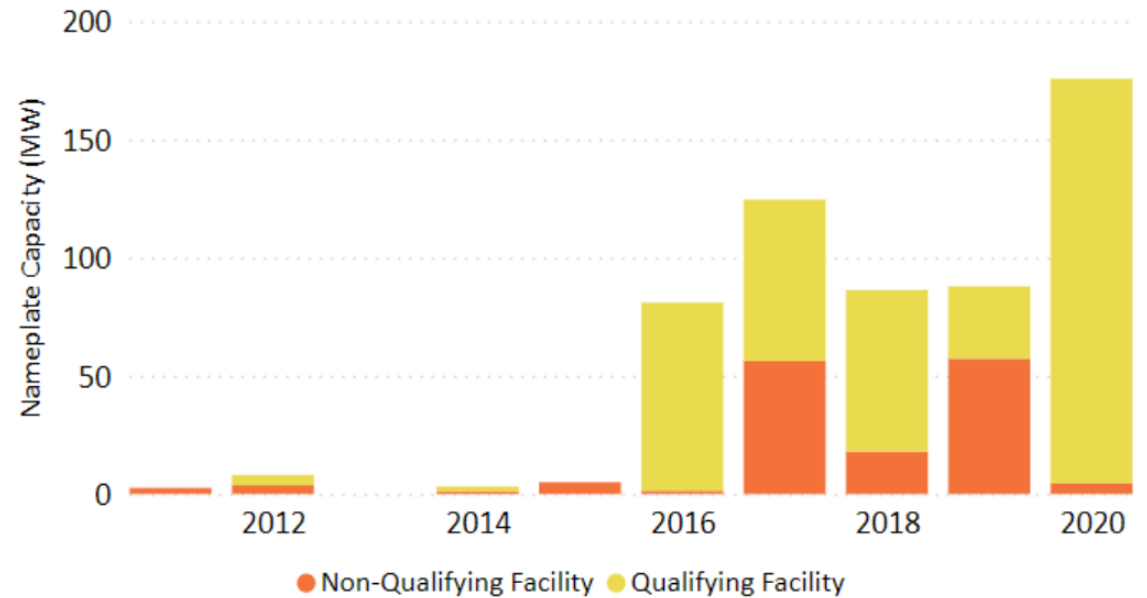


Figure 3: Oregon Solar Nameplate Capacity (MW) by Year and QF Status<sup>16</sup>



Solar QF projects account for 420 MW of that 4.5 GW capacity (or about 2/3 of all QFs in Oregon)





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# Questions/Comments?

## CONTACT:

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## RESOURCES:

Report online: [energyinfo.oregon.gov/ber](http://energyinfo.oregon.gov/ber)

ODOE's website: [www.oregon.gov/energy](http://www.oregon.gov/energy)