

MEMORANDUM

TO: Director of Utilities

THRU: Director of Electric and Gas System

FROM: Supervising Electrical Engineer

DATE: April 25, 2007

SUBJECT: PURPA Standard 15

The 2005 Energy Policy Act of the United States Congress modified the Public Utility Regulatory Policies Act (PURPA) of 1978. The new Act requires electric utilities such as the Fort Pierce Utilities Authority (FPUA) to *consider* implementing a policy for customers to connect their own electric generation equipment to the FPUA distribution system. Currently, FPUA has no such customers, but does have a policy and application process for customers proposing to interconnect generation. The Act does not require the Fort Pierce Utilities Authority to implement a policy, but to *consider* an implementation in public hearings. In the consideration process, the FPUA must state any reasons for not implementing a policy and allow for and respond to public comments received during the hearing process. This staff position document commences the staff component of the hearing process, which, by the provisions of the Act, must culminate in a formal Board determination no later than August 8, 2007. A public workshop is to be held during the public hearing portion of the Regular Meeting of the Fort Pierce Utilities Authority Board on June 5, 2007, at 4:00 p.m., in the Commission Chambers of the Fort Pierce City Hall, 100 N. U.S. 1, Fort Pierce, Florida.

Staff recommends that the Fort Pierce Utilities Authority implement a limited customer generation interconnection program per PURPA Standard 15 at the present time for the following reasons:

1. Staff recommends interconnection of customer owned electric generation be allowed upon proper application to and acceptance by Fort Pierce Utilities Authority. Applications will be reviewed by Fort Pierce Utilities Authority for adherence to all policy and procedures of Fort Pierce Utilities Authority, with particular attention to IEEE 1547, safety and operating needs of Fort Pierce Utilities Authority. The application process shall also include the satisfaction of requirements by all other regulatory agencies with jurisdiction over the siting of electric generation facilities. Upon approval of the

application, the customer shall be required to execute a written interconnection agreement establishing all terms and conditions for the construction, operation, ancillary services, maintenance, improvement, risk management, dispute resolution and decommissioning of the generator plant that pertain to the interconnection to and use of the FPUA electric utility system.

2. Staff further recommends that FPUA adopt the Institute of Electrical and Electronics Engineers Standard Number 1547 as its technical requirement for interconnection with the Fort Pierce Utilities Authority distribution system for any customer owned electric generation rated 10MVA or less. The Standard has been carefully developed over a number of years by the full spectrum of relevant interests. This standard shall supersede the FPUA "Facility Connection Requirements" document dated August 1999. Generators larger than 10MVA shall require a customized, detailed feasibility study and interconnection design.
3. The size of generator to be interconnected is limited by the capacity of the FPUA Transmission and Distribution System available at the site of the generator. The customer will be responsible for all costs incurred by FPUA to upgrade its system to accommodate the generator.
4. The Fort Pierce Utilities Authority (FPUA) is a contracting party in the Florida Municipal Power Agency's (FMPPA) All Requirements Project. The Project's contract states to the effect that all "necessary" electric power generation for the contracting parties is to be provided by FMPPA contracted power resources. Therefore, the interconnection of customer generation shall not obligate Fort Pierce Utilities Authority to purchase any power from the interconnected party.
5. Any customer requesting standby or auxiliary service is advised that the standard retail rate structure is not available to customers with such requirements. Upon application, special arrangements will be made for standby and/or auxiliary service.
6. FPUA shall generally abide by the policies and procedures for interconnection detailed in the NRECA Distributed Generation Application Guide at

<http://www.nreca.org/Documents/PublicPolicy/DGApplicationGuide-Final.pdf>