<u>PURPA's Legislative Upgrade to State Authority Act (PURPA PLUS)</u>

Summary

The PURPA PLUS Act modifies the Public Utility Regulatory Policies Act (PURPA) to provide States the authority, on a voluntary basis, to determine the appropriate incentive rates for small renewable energy projects.

Under PURPA, the Federal Energy Regulatory Commission (FERC) regulates the price that utility companies pay for electricity from small, independent power providers. Such prices can be can be no higher than what it would normally cost a utility company either to generate or to buy additional power from the lowest cost provider. This structure sets a limit on prices that is often too low for small renewable energy projects to be financially viable, despite other clear benefits that they may provide, such as local job creation, lower investment in high-voltage transmission lines, diversity in an area's power generation portfolio, and the environmental benefits of green energy.

PURPA PLUS would transfer the authority for setting power purchase rates for small power projects of less than 2 megawatts from FERC to the States on a voluntary basis. If a State chose to exercise this authority to promote small wind energy development, or solar, or cogeneration projects, it could. If a State chose not to use this authority, FERC would continue to regulate these projects as before. By capping the project size at 2 megawatts, PURPA PLUS only extends this new authority for small projects that are providing very small amounts of power to the local utility company, leaving regulation of large wind farms, hydropower and other large renewable energy projects unchanged.