

A blue-tinted photograph of a wind turbine against a cloudy sky. The turbine is the central focus, with its blades extending outwards. The sky is filled with soft, white clouds, and the overall color palette is dominated by various shades of blue and white.

Qualifying Facilities' Perspective

ETIC Meeting of September 24, 2009

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Overview

- What are QFs?
- What do QFs need?
- Transmission Line Development: Fair pricing for Interconnection
- Integrating Wind Energy: Transparent Pricing and Research

QFs: What and Why

- Creation: federal "PURPA" (1978); implemented in Montana's "mini-PURPA" (1981)
- Purpose: to encourage the development of small-scale renewable power generators without raising consumer electric rates
- Definition: Sub-80 MW renewable or cogeneration facility
- Primary Requirements:
 - Every regulated utility must purchase QF power at a rate not exceeding the utility's avoided costs and not discriminatory to the QFs
 - The utility must submit data on its other available power resources to the state regulator (PSC) to determine avoided costs.
- Management: The terms of the QF-utility relationship are state regulated, **within the bounds of the federal statute and rules**

QF Needs

- Transparency
- Fairness
- Adherence to PURPA and mini-PURPA
- What QFs do not need

Transmission Lines

- Main concern is not line capacity but the price of interconnecting
- The Interconnection Cost Problem:
 - FERC Interconnection Cost rule for small generators
 - Montana's Interconnection Cost rule for QFs
 - NWE's proposed QF interconnection cost rule
- ***Recommendation:*** Uphold Montana's rules through fair apportionment of transmission upgrade costs

Integration

- Main concern is not who pays but how much it should cost
- The Integration Cost problem
 - Actual costs are site-specific
 - Diversity Effect
 - Regional/Local studies are necessary for accurate cost-setting
- ***Recommendation:*** Commitment to lowest-cost firming resources; encourage systematic study of costs; fair apportionment