

January 19, 2018

The Honorable Tim Walberg
U.S. House of Representatives
2436 Rayburn House Office Building
Washington, DC 20515

Re: H.R. 4476, The PURPA Modernization Act of 2017

The Independent Power Producers Coalition of Michigan (IPPC) cannot support H.R. 4476, the “PURPA Modernization Act of 2017,” in its current form because it would likely result in the closure or abandonment of Michigan’s small independent power producers, which would be a terrible loss to this state.

We look forward to working with your staff to address our concerns.

IPPC represents existing renewable power generators who are qualified facilities (QFs) equal to or less than 20 MW in size. They were developed under PURPA, which encourages the use of small renewable generation resources to diversify the nation’s electrical supply. For decades PURPA has sustained these facilities in lieu of market access, which they still don’t have in Michigan despite a recent change in energy policy, and in lieu of state renewable portfolio standards, which limited QF participation because they were in operation before those polices were adopted.

Changes are needed in H.R. 4467, as introduced, to accommodate these existing facilities that have been making contributions to the energy supply, the grid, and local communities for more than 30 years. Without PURPA and its reasonable avoided cost rates and purchase obligations, these facilities will not be able to provide their services and benefit:

- Turning wood waste, landfill gas, and municipal solid waste into renewable electricity, which has environmental and local economic benefit; reducing disposal costs for citizens and industries, and providing forest management tools for the timber industry;
- The operation of small hydroelectric dams, formerly abandoned by regulated and municipal utilities, that create lakefront properties and related tax base, and provide flood control, fisheries, recreational access, and black-start capability.

The PURPA changes proposed in H.R. 4476 will gut the regulatory infrastructure that makes small power generation, and all its benefits, possible.

Testimony during FERCs technical conference on PURPA in June 2016, and in your Subcommittee Energy hearing on September 6, 2017, made it clear that existing small QFs are not part of the problems that H.R. 4476 intends to address:

1. Existing small QFs do not impact market conditions that the industry and regulators are wrestling with. Compensation for our generation is the “full and actual” avoided cost of the utility, which is separate from the market conditions and the forces acting upon it.
2. Existing small QFs are not responsible for increasing costs to ratepayers. “Full and actual” avoided cost is equal to utility cost of generation. If a utility claims QF costs are “too high,” or in

some statements, “above market price,” then, too, the utility’s own generation costs are too high or above market price.

3. Existing small QFs are not abusers of the one-mile rule.

The contributions that these existing brick-and-mortar generators provide are too valuable to allow them to simply fade away. We are happy to assist you and staff in making changes to H.R. 4467 to ensure the survivability of these facilities.

Thank you for your time and consideration. We look forward to having more conversation with you and staff on these issues.

Sincerely,



Kent County Waste to Energy Facility
City of Beaverton
Hillman Power Co.
Viking Energy of Lincoln
Viking Energy of McBain
Energy Development Inc. (formerly Granger Energy)
Boyce Hydro Power
White’s Bridge Hydro
Black River Hydro
Elk Rapids Hydroelectric Power
Michiana Hydroelectric Co.