



DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE CIVIL ENGINEER SUPPORT AGENCY

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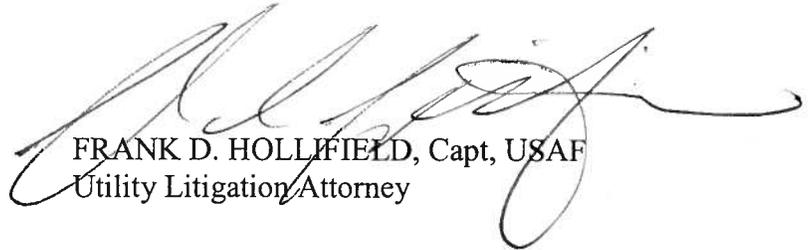
9 November 2006

Ms. Deborah Emler  
Project Manager  
Western Area Power Administration  
P.O. Box 6457  
Phoenix, AZ 85005-6457

SUBJECT: Comments on Western Area Power Administration Adoption of Proposed PURPA  
Rules

Dear Ms. Emler,

Attached are comments the Federal Executive Agencies intend to file in the above-referenced matter. If you have any questions or requests of me, please contact me at (850) 283-6348.



FRANK D. HOLLIFIELD, Capt, USAF  
Utility Litigation Attorney

BEFORE THE WESTERN AREA  
POWER ADMINISTRATION

Consideration of Implementing Certain )  
Federal Standards Under Sections )  
1251, 1252, and 1254 of the Energy )  
Policy Act of 2005 )

COMMENTS BY THE UNITED STATES AIR FORCE  
UTILITY LITIGATION TEAM ON BEHALF OF FEDERAL  
EXECUTIVE AGENCIES IN THE WESTERN AREA  
POWER ADMINISTRATION SERVICE AREA

COME NOW the Federal Executive Agencies, by and through the Air Force Utility Litigation Team, and submit comments on the above-entitled matter pursuant to a notice issued by the Western Area Power Administration (WAPA).

1. Pursuant to the provisions of the Energy Policy Act of 2005 (EPAct), WAPA solicited comments on implementation of federal standards relating to fuel sources, fossil fuel generation efficiency, net metering, smart metering, and consumer interconnections via memorandum dated 25 September 2006. This set of comments is submitted to WAPA by the Federal Executive Agencies (FEA), with facilities in WAPA's area of operation, pursuant to both the 25 September 2006 memorandum and the publication of a notice that WAPA was considering these standards in the 4 August 2006 *Federal Register* (71 FR 44276). A copy of the 25 September 2006 memorandum, with attachments, is attached to these comments.

2. Western Area Power Administration is an unregulated utility under the provisions of the Public Utility Regulatory Policies Act of 1978 (PURPA), and it is obligated only to consider the above-referenced initiatives under the EPAct of

2005. Where WAPA sells to non-utility customers and is included Department of Energy list of utilities subject to PURPA (1998 list), it falls under the provisions of Title I of PURPA. *See* 16 U.S.C. § 2612(c) (2006). For those utilities covered by PURPA, PURPA requires consideration of new standards promulgated under the PURPA statutory and regulatory scheme. *See* 16 U.S.C. § 2621 (2006). The EPAct includes the following substantial changes and additions to PURPA:

- Net Metering (Section 1251(a)(11)),
- Fuel Sources Standard (Section 1251(a)(12)),
- Fossil Fuel Generation Efficiency Standard (Section 1251(a)(13)),
- Smart Metering (with Time-Based Schedules) (Section 1252(a)(14)), and
- Interconnection (Section 1254(a)(15)).

These changed and/or new standards are the subject of the 4 August 2006 entry in the *Federal Register* and the 25 September 2006 memorandum and published notice referenced above.

3. The circular attached to the 25 September 2006 memorandum indicates that WAPA is not inclined to adopt the changed and/or new standards listed above. The reason, given on under most of the explanations of the proposed standards, is that WAPA either largely is a wholesale power supplier or does not provide most of its customers all of their required load. While most of WAPA's customers fall under either or both of the above categories, the FEA represent a significant exception to that rule. As such, the FEA interests require different consideration, as outlined below.

4. The EPAct section concerning net metering (Section 1251(a)(11)), where adopted, *requires* the utility to “make available upon request net metering service to any electric consumer that the electric utility serves.” This service is an offset to billing for power generated by an eligible on-site generation facility. WAPA responds that the adoption of this section is not required for *most* of its customers, where WAPA does not meet the entire load of those customers. In addition, WAPA asserts that it already allows net metering for its all-requirements customers. The FEA appreciate the effort on WAPA’s part to *allow* this service so that the FEA can effectively carry out programs encouraging environmentally-friendly energy generation on site. However, there is a substantial difference between *allowance* of a service and the adoption of standards that would make the provision of such services a *requirement*. In the interests of further guaranteeing the effectiveness of FEA programs that develop environmentally sound energy generation, the FEA respectfully submit that the standard *requiring* provision of the net metering services, where applicable, would be both workable for WAPA and would provide a guarantee for the FEA in WAPA’s service area that would further encourage sound environmental practices. The FEA respectfully disagree with WAPA’s assertion that there is no need for action in response to the net metering standard. In cases where the FEA requires net metering, the FEA requests a guarantee of net metering service, as opposed to being covered by a “broad brush” of WAPA’s “typical” customers.

5. The EPAct section concerning fuel sources (Section 1251(a)(12)) requires utilities to develop a plan to minimize dependence on one fuel source and ensure generation via a diverse range of fuels and technologies, including renewable

technologies. WAPA's response is essentially, where the customers are not partial load customers who get their power from other sources (with other means of generation, etc.), that WAPA's power generation is largely hydroelectric (with the Navajo Generating Station as the sole exception). The FEA concur with the observation that WAPA's reliance on hydroelectric power generation represents an almost exclusive reliance on renewable power. The FEA also acknowledge WAPA's assertion that it does not have load growth responsibility and does not plan to construct new generation. However, in light of the North American Electric Reliability Council's recent report that the United States' demand for energy will easily outstrip its existing infrastructure within the next ten years, this appears to be a somewhat short-sighted view. Instead, the FEA respectfully submit that the standard should be considered and adopted on a contingent basis. If the WAPA mission changes over the next decade in response to increased demand, the diversification standard would become very relevant and therefore should be held as a contingent standard to cover that possibility.

6. The EPC Act section concerning fossil fuel generation efficiency standards (Section 1251(a)(13)) requires utilities relying on fossil fuels for generation to implement a ten-year plan to increase the efficiency of the fossil fuel generation assets. WAPA's response is that its sole fossil fuel-powered facility is the Navajo Generating Station, which is operated by the Salt River Project (WAPA owns a 24.3% stake in the plant). WAPA further notes that the Salt River Project is already considering adoption of this standard with regard to the Navajo Generating Station, which makes the requirement non-applicable to WAPA.

Under these circumstances, the FEA concurs with WAPA's position as to this standard.

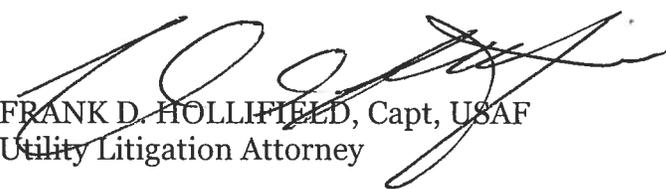
7. The EAct section concerning smart metering with time-based schedules (Section 1252(a)(14)) requires utilities to offer each of its customer classes (and each customer upon request) a time-based rate schedule to enable demand-side management of energy consumption. WAPA's response is that (1) most of their customers are not retail customers and (2) they have not received any requests from retail customers to date to establish time-based rate schedules. Where WAPA produces power almost exclusively from hydroelectric power sources, the incentivization under this standard would be moot. Power required over allocation to the FEA would probably be provided by other sources, with the incentivization noted above being more appropriate when applied to those local utilities or third party suppliers. Under these circumstances, the FEA concurs with WAPA's position as to this standard.

8. The EAct section concerning interconnection (Section 1254(a)(15)) requires utilities to provide an interconnection service under which the customer's on-site (qualified) generating facilities are connected (according to International Electrical and Electronics Engineers (IEEE) standards) to the local distribution facilities. WAPA's response, as above, is that most of their customers are wholesale customers and that they have received no requests to date for interconnection. As noted above, the FEA are interested in preserving a *requirement* (via the proposed standard) that WAPA aid the FEA (as a retail customer) in emplacing energy conservation measures, such as interconnection service to on-site generation facilities. As above, the FEA would ask that WAPA

take note of the fact that the FEA are not *most* of its customers and have a substantial interest in energy conservation, as contemplated both under PURPA and the EPAct.

9. The FEA respectfully request that WAPA consider these comments and the fact that the interests of the FEA are not represented by "broad brush" treatment that has been given to WAPA's customer base in considering the above-referenced proposed standards. The FEA have substantial and ongoing renewable energy and energy conservation programs that would be positively impacted by the adoption of the above standards. The guarantees provided under those standards are essential to the ability of the FEA to plan for these measures and to provide for the ongoing viability of these programs.

Submitted this, the 9<sup>th</sup> day of November, 2006.



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