
Wind Energy Weekly

Vol. 22, #1072
12 December 2003

FERC ENFORCES PURPA IN IOWA SMALL WIND CASE

In late November, the Federal Energy Regulatory Commission (FERC) issued two related orders to enforce net metering provisions of the Public Utility Regulatory Policies Act (PURPA). The first order rejects a petition from Central Iowa Power Cooperative (CIPCO) and its 13 members for a waiver of the PURPA requirement to net meter the power output from qualifying facilities (QFs). The second order initiates an enforcement action against Midland Power Cooperative (one of CIPCO's members) to require Midland to offer net metering to Gregory and Beverly Swecker's small wind facility.

In 1998, the Sweckers of rural Dana, Iowa, bought a 65-kW wind system with the intention of generating electricity for their farm and selling the excess energy to Midland. After the initial meeting, the Sweckers and Midland could not reach agreement on an offer. After these initial negotiations, Midland disconnected the electric service to the Sweckers' farm.

FERC regulations generally require utilities to offset qualifying facilities' monthly power bills by the amount of electricity they sell back to the utility, and to pay for any excess the QFs produce based on their avoided costs, an accounting process known as net metering.

For the past five years, the Sweckers have been seeking interconnection and damages before the FERC, the Iowa Utilities Board, the Iowa Supreme Court, and the Federal District Court, claiming that Midland had repeatedly obstructed their efforts to reach an interconnection agreement. FERC had declined to take the case twice in the past, recommending alternative dispute resolution.

CIPCO had proposed a system by which it would act in place of Midland to net meter the Sweckers' wind turbine output. However, the Sweckers' attorney said that this system would have substantially increased the administrative burden of operating the wind turbine and it may have forced the Sweckers to pay full retail price for all the power they use, even though much of it would be generated by their turbine.

FERC found decisively that Midland had "abused its role . . . to frustrate Mr. Swecker's attempts to exercise his rights as a QF." It went on to say in the order that "Midland's actions, viewed as a whole, have been inconsistent with PURPA's goals of encouraging the development of non-utility generation and removing structural barriers to such generation" and that "Midland is required by PURPA to purchase from the Swecker facility, and its actions with respect to Mr. Swecker are in violation of this requirement."

It further stated: "Midland, in arguing how reasonably it has behaved in its dealings with the Sweckers, points out the 'small amounts' in terms of dollars that separate the Sweckers and Midland. However, Midland has obviously spent a great deal of money fighting the Sweckers' QF. It appears to us

that Midland's resources would have been better spent seeking a compromise with Mr. Swecker. In this regard, we strongly encourage Midland to do more to accommodate Mr. Swecker in a manner that would be consistent with PURPA."

The independent power producer and the renewable energy communities had been closely watching this case. Iowa Sustainable Energy for Economic Development (SEED) Coalition had filed comments in the summer against CIPCO's request for a waiver from components of PURPA because it would have discouraged rural Iowans from setting up small renewable energy systems. The decision appears to set a precedent for net metering across the state. Tom Starrs, AWEA's former net metering consultant, said, "I consider it the best news on the net metering front in years!"
