Energy cost savings and the use of renewable energy are fundamental energy management objectives of pulp, paper, packaging, tissue and wood products manufacturers. These facilities account for 62 percent of the renewable biomass energy consumed by all manufacturing sector facilities. While the industry is a leader in the generation and use of renewable energy and highly-efficient combined heat and power (CHP), or cogeneration technology, purchased energy still is a major manufacturing cost. In fact, in 2016, the industry spent almost $9 billion on purchased energy.

- Pulp, paper, packaging, tissue and wood products mills produce 30 percent of the CHP electricity generated by manufacturing facilities. In 2016, 98.5 percent of electricity produced by the industry was CHP-generated.

- Power is a byproduct for industrial CHP; It is the main product for other PURPA “Qualified Facilities” (QFs).

- CHP provides benefits to society through higher efficiency, lower emissions, transmission relief, as well as more competitive manufacturing and jobs. It is critical for the competitiveness of our industry’s mills.

**PURPA as Important Today as When Enacted**

- The purpose of the Act was to increase energy conservation and efficiency, renewable energy and to promote the development of industrial cogeneration, among other things.

- Prior to the enactment of PURPA, utilities routinely discriminated against CHP, such as by refusing requests for interconnection or requiring costly upgrades and studies in the name of “reliability” for interconnection.

- Some of those practices remain today, such as treating industrial CHP like power sector generation plants and ignoring CHP’s operational characteristics and how CHP facilities generate and use energy.

- PURPA helps maintain equitable treatment of industrial CHP and provides benefits to ratepayers, including requiring purchase of CHP-generated power at “avoided cost” (i.e. the cost the utility would have incurred had it supplied the power itself or obtained it from another source) and barring unfair interconnection practices.
The Identified Implementation Issues Can Be Addressed Without Changing PURPA or its Regulations

• To the extent there are claims that PURPA results in the purchase of unneeded or more expensive power or that certain facilities are not properly obtaining QF status, those issues can be addressed by ensuring greater transparency and using existing tools, through guidance or better enforcement. Examples of those tools include:
  • Resource-specific avoided cost rates; and
  • Market-based energy-only pricing when capacity is not needed.

PURPA Protections Should be Maintained

• If legislation or revised regulations are adopted, equitable treatment of industrial CHP should be maintained:
  • Retain Standard Offer Pricing for smaller QFs;
  • Maintain the obligation to purchase “as available” power;
  • QF contract length must be “finance-able” to compete with other potential new resources;
  • Maintain the presumption that smaller QFs do not have non-discriminatory access to markets for application of the “must take” obligation in Section 210(m); and
  • Industrial CHP should be a low priority for curtailment.