

## **FERC Reforms PURPA Rules and Regulations** *Modernizing PURPA Will Help Reduce Costs for Electricity Customers*

**WASHINGTON (July 16, 2020)** – The Federal Energy Regulatory Commission (FERC) today voted to reform outdated rules and regulations implementing the Public Utility Regulatory Policies Act of 1978 (PURPA). FERC’s action will benefit electricity customers while further driving growth in renewable energy.

“We applaud FERC Chairman Chatterjee for his leadership and commitment to reforming PURPA,” said Edison Electric Institute (EEI) President Tom Kuhn. “For years, electricity customers have been paying billions of dollars in excess energy costs as a result of PURPA provisions enacted in the 1970s that allowed well-financed big developers to lock in guaranteed long-term, inflexible contracts at the expense of other more-competitive and cost-efficient renewable energy projects. By updating these rules, FERC has helped to ensure that renewable energy can continue to grow without forcing electricity customers to pay a premium to the developers that learned how to game the system.”

PURPA was enacted more than 40 years ago during a national oil crisis to promote increased energy conservation, efficiency, and the growth of renewable energy. The energy mix and marketplace have changed significantly since then. There has been substantial growth in the use of renewable resources, as well as new and improved renewable technologies, and the cost of renewables continues to fall.

“Today’s decision is a pivotal step that enables electric cooperatives to continue developing renewable resources with a focus on their consumer-members instead of an outdated policy,” National Rural Electric Cooperative Association (NRECA) CEO Jim Matheson said. “I applaud FERC for taking this action which rightfully prioritizes innovation, affordability, and reliability. The Commission has struck the right balance between supporting alternative energy development and acknowledging the importance of flexible implementation by state and local regulatory authorities.”

The 1978 law requires investor-owned electric companies, public power utilities, and electric cooperatives to purchase energy from qualifying facilities (QFs) at prices that often exceed the market. Today’s actions address this outdated requirement.

“The energy industry landscape looks quite different now than when PURPA was first enacted,” said American Public Power Association (APPA) President and CEO Joy Ditto. “We’ve seen fundamental changes to how electricity is generated—especially pertaining to the growth of renewable resources and the emergence of new technologies. And we’ve also seen greater reliance—especially for public power utilities—on competitive wholesale markets. FERC appropriately recognizes the need to modernize PURPA to reflect these changes.”

“Reforming PURPA was long overdue and had bipartisan support,” added Kuhn. “The old regulations were disincentivizing the deployment of cost-effective renewables, and FERC now has given states the tools they need to ensure that customers are benefitting from the dramatic decline in costs for solar and wind energy.”

### ***About the American Public Power Association***

*The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. It represents public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. The association advocates and advises on electricity policy, technology, trends, training, and operations. Its members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.*

### ***About the Edison Electric Institute***

*EEI is the association that represents all U.S. investor-owned electric companies. EEI’s members provide electricity for more than 220 million Americans, and operate in all 50 states and the District of Columbia. In addition to our U.S. members, EEI has more than 65 international electric companies, with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members.*

### ***About the National Rural Electric Cooperative Association***

*The National Rural Electric Cooperative Association is the national service organization representing the nation’s more than 900 private, not-for-profit, consumer-owned electric cooperatives, which serve 42 million people in 48 states.*

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