
MEMORANDUM



TO: Princeton City Council
FROM: Keith R. Butcher, Princeton Public Utilities' General Manager
SUBJECT: SMMPA's Amended and Restated Power Purchase Agreement Relating to Qualifying Facilities (QFs)
DATE: August 13th, 2020

ITEM SUMMARY

In an effort to reduce administrative burdens, expand to include large customer-owned Distributed Energy Resource (DERs), and update the language in the Power Purchase agreement to align with the standard Municipal Minnesota Distributed Energy Resources Interconnection Process (M-MIP), Princeton Public Utilities requests that the Princeton City Council approve SMMPA's Amended and Restated Power Purchase Agreement Relating to Qualifying Facilities.

BACKGROUND INFORMATION

Princeton Public Utilities has been a member of Southern Minnesota Municipal Power Agency (SMMPA) for many decades. That relationship is defined under a Power Purchase Agreement and includes an Amendment to include Qualifying Facilities as defined under the federal Public Utility Regulatory Policies Act (PURPA) originally enacted in 1978.

The revisions to the existing SMMPA PURPA amendment, last updated in 2011, covers three main areas.

1. The existing contract lays out the agreement and process for the purchase of the output from customer-owned Distributed Energy Resources (DERs) of less than 40 kW. This required monthly reporting which, for such small facilities, has become administratively burdensome. The revised contract changes this to an annual basis with the purchases continuing at the members' average retail utility energy rate per state statute.
2. The existing contract does not address purchases from facilities 40 kW and larger. The revised contract lays out the agreement and process for the purchase of the output from customer-owned DERs of 40 kW and above. This is to be done on a monthly basis and the purchases made at SMMPA's seasonal estimated time-of-use marginal energy costs.
3. The contract language is also updated to align with the standard Municipal Minnesota Distributed Energy Resources Interconnection Process (M-MIP) which SMMPA and its membership worked through with the Minnesota Municipal Utilities Association (MMUA).

RECOMMENDATION

On July 29th, 2020, the Princeton Public Utilities Commission supported the adoption of the Amended and Restated Power Purchase Agreement Relating to Qualifying Facilities and requests approval by the City Council.