



**Federal Energy Regulatory Commission**  
**October 19, 2006**  
**Open Commission Meeting**  
**Talking Points**  
**Commissioner Suedeen Kelly**

**Item E-2: New PURPA Section 210(m) Regulations Applicable to Small Power Production and Cogeneration Facilities (RM06-10-000)**

- Qualifying Facilities (QFs) under PURPA provide a source of efficient, clean and environmentally friendly electric power. PURPA also lowers the costs of manufacturing by allowing manufacturers to sell electric energy. Cogeneration facilities can use significantly less fuel to produce electric energy and steam (or other forms of energy) than would be needed to produce the two separately. Small power production facilities use biomass, waste or renewable resources, such as wind, solar energy and water to produce electric energy that can reduce the need to consume fossil fuels to generate electric power.
- This Final Rule recognizes that the existence of an open access transmission tariff or reciprocity tariff is not enough to ensure that QFs have *actual* access to competitive wholesale markets. I think it is important to ensure that we do not have stranded QF capacity. To the extent there are barriers to the ability for QFs to sell their energy into a competitive market based on operational characteristics or transmission limitations, this Final Rule establishes a process whereby the utility could continue to purchase energy from the QF.
- In addition, this Final Rule provides that any electric utility that seeks relief from the mandatory purchase requirement with respect to a small QF bears the burden to demonstrate that the QF has actual nondiscriminatory access to the relevant markets.