

FEDERAL UTILITY PARTNERSHIP WORKING GROUP SEMINAR

April 12-13, 2017
Savannah, Georgia

GSA's Utility Regulatory Program **Regulatory Law and Utilities**

Lariza Sepulveda GSA
Kyle Smith Army

Hosted by:



GSA Energy Division

Programs:

- Utilities Regulatory Program (URP)
- Utility Area-Wide Contracts
- Deregulated Electric Procurement
- Natural Gas Acquisition Program
- Energy Savings Performance Contracts(ESPCs)/ Utility Energy Savings Contracts (UESCs)

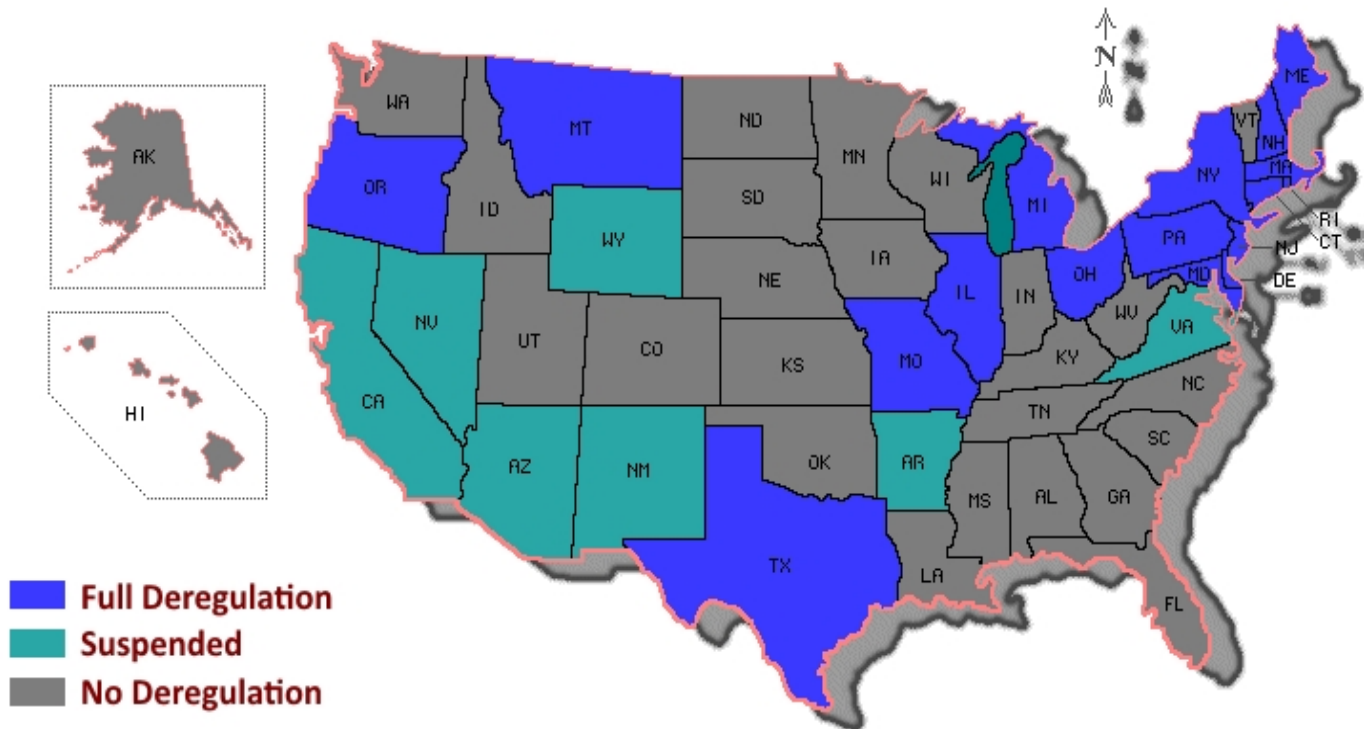
GSA Energy Division

Objective: Reduce federal utility costs & promote efficient energy use.

- Manage Federal assets to reduce operating costs
- Seize cost saving opportunities and institute energy management services on behalf of GSA and other federal customers
- Promote energy efficiency and use of renewable resources via partnerships
- Provide technical support for federal customers
- Participate in utilities regulatory proceedings when:
 - Rate filings with significant cost impact to federal facilities
 - Rulemakings that impact federal policies and programs
 - Requested by a federal customer to address specific issue

Regulated vs Deregulated

Electricity Deregulation in the U.S.



GSA Utility Rate Intervention Authority

Chapter 5, Title 40 United States Code (Property Act)

- Provides system for procuring and managing utility services.
- Establishes process to represent agencies in utility negotiations and regulatory proceedings.

Federal Acquisition Regulations (FAR) Part 41

- Grants GSA intervention authority
- Grants GSA the authority to delegate this authority to other agencies
- Authorizes use of legal and technical resources in rate and rulemaking proceedings on behalf of the federal customer

How Does the GSA URP Program Work?

- **GSA URP**

- Manage GSA's rate intervention case load
- Monitor utility case filings and rulemakings
- Evaluate potential economic impact to the federal customer
- Issues and oversees the delegation of authority to DOD, DOE and VA.

- **Federal Rate Intervention Working Group (FRIWG)**

- Comprised of Army, Navy, Air Force, VA and DOE – *the delegates*
- Each delegate represents the federal customer in different jurisdictions
- Each delegate makes decisions at the local level on behalf of all federal customers

Utility Regulation and the Energy Manager

- Determines utility bill charges
- Defines types of available procurement vehicles (standard rates, PPAs, special contracts)
- Affects economic viability of projects
- Provides Incentives for/constraints on conservation and distributed generation projects (rebates, RECs, Net Metering)
- Allow/disallow utility owned and operated renewable generation on a federal property (CCN).
- Can influence decisions on building operations (demand response, peak pricing)
- Influence on project payback and ROI

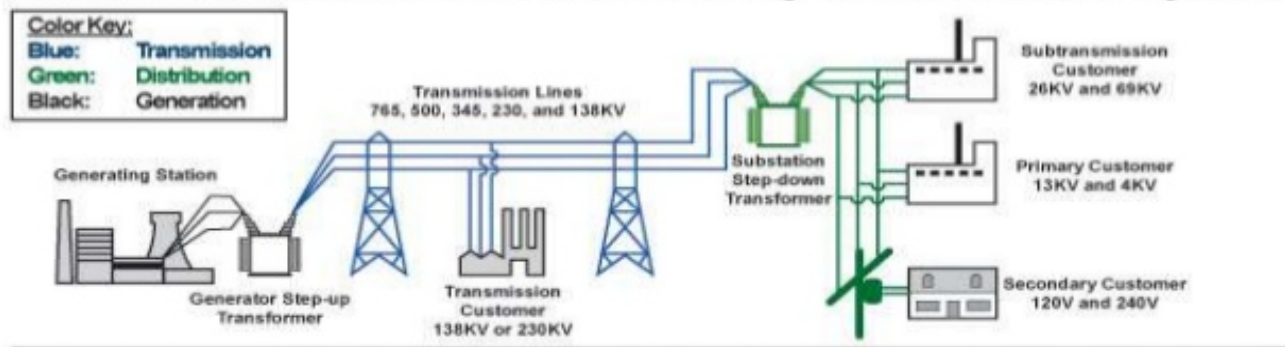
How does regulatory process work?

Electricity transmission

Electric-power transmission is the bulk transfer of energy, from generating power plants to electrical substations located near demand centers.

Transmission lines, when interconnected with each other, become transmission networks. The combined transmission and distribution network is known as the "power grid"

Basic Structure of the Electricity Distribution System



Common Commission Proceedings

- Rate case
- Rulemaking
- Integrated Resource Plans (IRP)

What a Rate Case Looks Like

- Utility files rate application
- Customers intervene
- Commission sets procedural schedule
- Parties conduct discovery
- Parties file direct testimony
- Utility files rebuttal testimony
- Evidentiary hearing held
- Utility and intervenors file briefs
- Commission issues rate

Major Issues

- **Distributed Generation**

- The Federal Government has set ambitious energy efficiency goals that have resulted in large investments in DG technologies
- Many of these projects have been constrained by Standby Rates, Net Metering, Cost-based interconnection rules

- **Cost Allocation and Rate Design**

- Achieve cost-based rates for federal customers
- Interclass subsidies, fixed cost recovery (shift from volumetric rates for distribution-only utilities)

- **Major CapEx Programs**

- Infrastructure upgrades (billions), short-term cost recovery
- Projects must pass the “public interest” test, i.e.- whether the proposed project is reasonable, fairly designed, and in-service.

Conclusion

GSA has authority to represent the consumer interests of federal facilities in utility regulatory proceedings

- Carried out by URP, as well as the Army, Navy, Air Force and the Department of Energy via the delegation of authority issued by GSA
- By participating in the regulatory process, FRIWG can have an impact on overall cost and rules pertaining to utility service
- URP also promotes federal goals to advance distributed generation technologies consistent with federal guidelines (EPACT 2005, NDAA, and EO 13693)

GSA's Utility Regulatory Program (URP)

Lariza Sepulveda - 202-420-8316 - lariza.sepulveda@gsa.gov

FRIWG POC

Army - US Army Legal Services Agency (USALSA)

Kyle Smith - kyle.j.smith124.civ@mail.mil

Navy - Utility Rates and Studies Office

Larry Allen - larry.r.allen@navy.mil

Air Force - Utility Law Field Support Center (ULFSC)

Major Andy Unsicker, Chief - 850-283-6347 - andrew.unsicker@us.af.mil

TSgt Ryan Moore, Paralegal - 850-283-6289

DOE Office of Assistant General Counsel /Electricity and Fossil Energy

Rishi Garg - rishi.garg@hq.doe.gov