

**WAC 480-106-050 Rates for purchases from qualifying facilities.**

**(1) Rates for purchases by a utility:**

(a) Rates must be just and reasonable to the utility's customers and in the public interest;

(b) Rates must not discriminate against qualifying facilities; and

(c) Rates must not exceed the avoided cost to the utility of alternative energy, capacity, or both.

**(2) Establishing rates:**

(a) A rate for purchase from qualifying facilities satisfies the requirements of subsection (1) of this section if the rate equals the utility's avoided costs after consideration, to the extent practicable, of the factors set forth in WAC 480-106-040 Schedules of estimated avoided costs, and in subsection (5) of this section.

(b) When a utility bases its purchase rates on estimates of avoided costs over a specific term of the contract or other legally enforceable obligation, the rates do not violate these rules if any payment under the obligation differs from avoided costs at the time of delivery.

**(3) Rates for purchases - Time of calculation:** Except for the purchases made under a standard rates tariff pursuant to subsection (4) of this section, each qualifying facility shall have the option to:

(a) Provide energy as the qualifying facility determines such energy to be available for such purchases, in which case the rates for such purchases shall be based on the purchasing utility's avoided cost of energy at the time of delivery; or

(b) Provide energy, capacity, or both, pursuant to a legally enforceable obligation, in which case the rates for purchases shall, at the option of the qualifying facility exercised prior to the beginning of the specified term, be based on:

(i) The avoided costs of energy and capacity calculated at the time of delivery; or

(ii) The avoided costs of energy and capacity projected over the life of the obligation and calculated at the time the parties incur the obligation.

**(4) Standard rates for purchases from qualifying facilities with capacities five megawatts or less:** A utility shall establish standard rates for its purchases from qualifying facilities with capacities of five megawatts or less as follows:

(a) A utility must file the schedule of estimated avoided costs containing standard rates for purchases pursuant to WAC 480-106-040 Schedules of estimated avoided costs as a revision to its tariff required in WAC 480-106-030 Tariff for purchases from qualifying facilities.

(i) The utility's standard rates for purchases must offer fixed rates to a new qualifying facility for a term of fifteen years beginning on the date of contract execution or a legally enforceable obligation, but not less than twelve years from the commercial operation date of the qualifying facility.

(ii) The utility's standard rates for purchases must offer fixed rates to an existing qualifying facility entering into a new agreement with the utility for a term of ten years.

(iii) Qualifying facilities that do not meet the greenhouse gas emissions performance standard established under RCW 80.80.040 are limited to contract terms of less than five years.

(b) A utility's standard rates for purchases must provide the qualifying facility the option to either:

(i) Provide energy as the qualifying facility determines such energy to be available for such purchases, in which case the rates for such purchases shall be based on the purchasing utility's avoided cost of energy at the time of delivery; or

(ii) Provide energy, capacity, or both, pursuant to a legally enforceable obligation, in which case the rates for purchases shall, at the option of the qualifying facility exercised prior to the beginning of the specified term, be based on:

(A) The avoided energy and capacity calculated at the time of delivery; or

(B) The avoided costs of energy and capacity identified in the utility's schedule of estimated avoided costs in effect when the parties incur the obligation.

(c) Except where expressly conveyed to the utility for additional consideration, the qualifying facility shall own the renewable energy certificates and any other environmental attributes associated with the production from such qualifying facility unless the standard rates are based on the avoided capacity costs of an eligible renewable resource as defined in RCW 19.285.030. During any period in which the qualifying facility receives standard rates that are based on the avoided capacity costs of an eligible renewable resource, the utility shall receive the renewable energy certificates produced by the qualifying facility at no additional cost to the utility.

(d) The standard rate may account for the integration costs associated with variable technologies, as approved by the commission.

(5) **Negotiated rates for qualifying facilities with capacities greater than five megawatts:** Each utility shall file and obtain commission approval of its avoided cost rate methodology for qualifying facilities with capacity greater than five megawatts. When negotiating rates for purchases from qualifying facilities with capacities greater than five megawatts, to the extent practicable, the parties should consider the following factors:

(a) The data the utility provided to the commission pursuant to WAC 480-106-040 Schedules of estimated avoided costs, and the commission's evaluation of the data;

(b) The availability of energy, capacity, and ancillary services from a qualifying facility during the system daily and seasonal peak periods, including:

(i) The utility's ability to dispatch the qualifying facility;

(ii) The qualifying facility's expected or demonstrated reliability;

(iii) The terms of any proposed contract or other legally enforceable obligation;

(iv) The extent to which the parties can usefully coordinate their respective scheduled outages;

(v) The usefulness of energy, capacity, or both, supplied from a qualifying facility during system emergencies, including the qualifying utility's ability to separate its load from its generation;

(vi) The individual and aggregate value of energy and capacity from qualifying facilities on the utility's system; and

(vii) The smaller capacity increments and the shorter lead times available, if any, with additions of capacity from qualifying facilities.

(c) The relationship of the availability of energy, capacity, or both, from the qualifying facility as derived in (b) of this subsec-

tion, to the ability of the utility to avoid costs, including the deferral of capacity additions and the reduction of fossil fuel use; and  
(d) The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from a qualifying facility.

[Statutory Authority: RCW 80.01.040, 80.04.160, and 34.05.220. WSR 19-13-031 (Docket U-161024, General Order R-597), § 480-106-050, filed 6/12/19, effective 7/13/19.]