

Entities that are unable to take advantage of Net Metering, can receive compensation for excess electricity produced as a Qualifying Facility.



Program Overview

The Federal Energy Regulatory Commission (FERC) is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil. One function of FERC is to uphold federal laws such as the Public Utility Regulatory Policies Act of 1978 (PURPA).

PURPA was implemented to encourage the conservation of electric energy, increase the efficiency in the use of facilities and resources by electric utilities, provide fair retail rates for electric consumers, encourage the efficient development of solar energy and hydroelectric potential, and help to conserve natural gas.



Qualifying Facility

PURPA established 'qualifying facilities' (QF) that would receive special rates and regulatory treatment for distributed generation.

QFs have the right to sell energy and capacity to a utility, may purchase certain services from a utility, and also have the right to interconnect with a utility. QFs have the option of selling to a utility either at the utility's "avoided cost" or at a negotiated rate. Generally, this means that the utility will pay wholesale rates for the energy generated by the QF.

How are FERC rates calculated?

Locational marginal pricing (LMP) is a way for wholesale electric energy prices to reflect the value of electric energy at different locations on the grid. Under the authorization of the FERC, the International Organization for Standardization of New England (ISO NE) uses locational marginal pricing to establish the price for electric energy purchases and sales in the New England wholesale electricity market, and to collect transmission congestion charges.

Qualifying Facilities (QFs) pay the prior month average LMP (in increments from minutes to months), and since Jan 1st, these rates have been as high as 13 cents and as low as 2.5 cents.

The average real time price can be found on the ISO website here: <http://www.iso-ne.com/isoexpress/web/reports/pricing/>

Solect makes it easy to become established as a QF and provides assistance throughout the entire process. From first filing through last billing - we'll make sure you're taken care of every step of the way.



How to Obtain QF Status

An owner or operator of a generating facility with a max net power production capacity of greater than 1 MW (1000 kW) may obtain QF status either by submitting a self-certification or by applying for a Commission certification of QF status. This must be done by electronically filing a Form No. 556 with the Commission. There is no fee with self-certifications, but there is a fee associated with applications for Commission certifications.

Facilities with net capacity of 1 MW or less are **not** required to make a filing with the Commission to claim QF status, although applicants for such facilities may seek certification if they wish. All facilities (including those that are exempted from filing for QF certification because of their smaller size) must meet certain qualifications in order to be a qualifying facility.

Steps to file for QF status

1. File an Interconnection Application with National Grid for the solar PV system ("facility").
2. Self certify the facility as a "QF" – Qualifying Facility and notify National Grid.
3. Register with National Grid as a supplier for payment purposes:
 - a. Supplier Enrollment Form
 - b. W-9
 - c. ACH Authorization Form
4. Invoice National Grid on a monthly basis for the number of excess kilowatt hours (kWh) produced by the QF based on meter information from National Grid. The kW hour rate will be the current "wholesale" kW hour rate that National Grid pays the regional supply network, ISO New England, in a particular month.
5. If and when applicable, the facility may change from a Federal QF designation and apply for Net Metering via the appropriate application process.

Questions about filing as a Qualifying Facility?

Call us at 508-598-3511 or email info@solect.com