

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 66

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	RENEWABLE ENERGY COALITION’S
COMPANY,)	LATE FILED COMMENTS
)	
2016 Integrated Resource Plan)	
_____)	

I. REQUEST FOR LEAVE FOR LATE-FILED COMMENTS

Pursuant to OAR 860-001-0090, the Renewable Energy Coalition (the “Coalition”) respectfully requests leave that Administrative Law Judge (“ALJ”) Ruth Harper allow and that the Public Utility Commission of Oregon (“Commission”) consider these late-filed comments. The Coalition was monitoring this proceeding, but did not seek intervention earlier or submit comments because it believed that its interests were being adequately addressed by other parties, and it understood that the scope of the proceeding would address traditional Integrated Resource Plan (“IRP”) related issues.¹ The Commission staff (“Staff”) in its final Staff Report, however, has recommended a wholesale revision of avoided cost pricing without notice to stakeholders.² Because the Coalition believes it is not appropriate to make a fundamental methodological change in avoided cost pricing in an IRP at all, let alone the last stage of an IRP and without

¹ For example, Renewable Northwest and the Northwest and Intermountain Power Producers Coalition were already adequately addressing the issue of PGE’s renewable resource need.

² The Commission Staff recommended that the Commission depart from its long-standing approach of setting renewable avoided cost rates based on the utility’s next planned renewable resource acquisition, to setting it based on a new and undefined renewable resource date that is “that is commensurate with least cost and least risk.” Staff Report at 51.

providing sufficient opportunity to review and comment, the Coalition respectfully submits these comments addressing Staff's recommendation. The Coalition believes Staff's recommendation establishes good cause to submit late-filed comments, and does not believe these comment will prejudice the Commission or any other parties.

II. COMMENTS

PGE's IRP is the foundational document that is used to set its avoided cost rates, but not its avoided cost methodology. Avoided cost rates are set after a utility's IRP is acknowledged, and capacity payments are only made starting based upon the year of the first major resource acquisition identified in that IRP. Subsequent to IRP acknowledgement, the Commission approves new avoided cost rates at either a public meeting or after an investigation. Neither the IRP nor the post-IRP acknowledgement processes are intended to make fundamental revisions to the avoided cost rate making methodologies. Historically, these more fundamental changes are made after a thorough, and generic, Commission investigation. Yet in this Staff Report, issued after parties have submitted two rounds of comments on PGE's resource plan, Staff has proposed a major and fundamental change on how to set the renewable avoided cost resource deficiency period. This aberration must be rejected by the Commission.

The Commission adopted its methodology for setting renewable avoided cost rates after a nearly three-year investigation into the determination of resource sufficiency and other PURPA related issues. The Commission determined that "the renewable resource avoided cost rates will vary depending on whether the utility is renewable

resource sufficient or deficient.”³ The Commission further explained that it found “that reference to the utility’s IRP will best ensure that the renewable resource avoided cost rate most accurately reflects the costs the utility will avoid with the QF purchase.”⁴

While one of the primary justifications was that a renewable portfolio standard imposes a specific and unique need, the key underlying foundation is that, if the utility is acquiring a different type of resource, then rates for those QFs that can avoid the need for that resource should reflect that different type of resource. The Coalition is not aware of any discussion about how purely economic acquisitions should change this assumption and affect the avoided cost rate in any of the Commission’s previous PURPA dockets.

Yet, almost out of the clear blue, Staff has proposed that PGE’s renewable deficiency date should not reflect PGE’s next planned major renewable resource acquisition. Staff recommends that if the Commission acknowledges PGE’s plan to acquire a new renewable resource by 2020, that it should set PGE’s deficiency period at 2029 instead to reflect PGE’s regulatory compliance need.⁵ This would mean that PGE’s avoided cost rates would not be based on the actual resources that the Commission will have specifically acknowledged (and essentially agreed) that PGE can and should acquire.

Staff explains that ratepayers are supposed to be indifferent as to whether a utility purchases from a QF or through a portfolio of existing and planned resources that is least cost and least risk.⁶ Staff suggests that because PGE does not need a new renewable

³ Re Commission Investigation Into Resource Sufficiency Pursuant to Order No.06-538, Docket No. UM 1396, Order No. 11-505 at 4 (Dec. 13, 2011).

⁴ Id.

⁵ Staff Report at 51.

⁶ Id.

resource in 2020, setting rates based on a 2020 deficiency might somehow overinflate the avoided cost rate. Staff ignores, however, that PGE’s renewable resource acquisition is still planned, and its future renewable needs are still avoidable.⁷

More importantly, this is not the kind of change to make at this time, especially at the end of a single utility’s IRP. The Commission has declined to address the methodology for setting avoided cost rates in a proceeding focused only on PacifiCorp’s avoided cost rates.⁸ The Commission explained, “avoided cost methodologies are examined in recurring generic investigations” and opted to use other, generic proceedings to “address whether the approved methodologies should be modified.”⁹

The Commission is already planning to consider this issue more fully, most likely as a generic investigation. For example, upon closing UM 1794, the Commission acknowledged the need to consider two similar issues. First, “Challenges that may exist with examining a utility’s resource deficiency dates for avoided cost purposes, including when the deficiency date identified in the IRP is outside the action plan window or when the utility pursues a resource action or RFP without IRP acknowledgment.”¹⁰ Second, “The avoided cost implications where a utility is pursuing near-term capacity investments that are not driven by reliability, renewable portfolio standard (RPS), or load-service needs.” The concerns raised by Staff’s memo fall squarely within the proceeding that

⁷ For example, if the Commission acknowledges a 2020 renewable resource need date, then QFs could defer that renewable resource need and should be paid based on the most accurate administrative calculation of the Company’s costs of acquiring renewable resources in 2020.

⁸ Re Commission Investigation to Determine if Pacific Power’s Rate Revision is Consistent With the Methodologies and Calculations Required by Order No. 05-584, Docket No. UM 1442, Order No. 09-427 at 4 (Oct. 28, 2009).

⁹ Id.

¹⁰ Re PacifiCorp Investigation into Schedule 37 – Avoided Cost Purchases from Qualifying Facilities, Docket No. UM 1794, Order No. 17-239 at 3 (July 7, 2017).

will be opened pursuant to Order No. 17-239, and should be included for consideration in that impending Commission workshop.

PacifiCorp has also recently stated that it wants to address the issues raised in Staff's unusual avoided cost recommendation. The Commission initiated a separate docket after certain challenges to PacifiCorp's avoided cost price filings to determine whether PacifiCorp is required to offer a separate renewable avoided cost price stream for QF above the standard contract size, and if so, how that rate should be calculated.¹¹ That case originally focused on the Commission's direction allowing PacifiCorp to use a Partial Displacement Differential Revenue Requirement ("PDDRR") method to determine the starting point for its non-standard renewable cost prices, and whether that order implicitly repealed the Commission's prior orders requiring a separate renewable avoided cost price stream.

PacifiCorp recently raised "new policy considerations" and requested additional time. Specifically, PacifiCorp questioned, "how cost effective renewable resources (rather than renewable resources needed to comply with renewable portfolio standard (RPS)) identified in an integrated resource plan (IRP) should be considered when developing renewable non-standard avoided cost pricing."¹² PacifiCorp has proposed that its new policy considerations should be addressed in a generic proceeding.¹³

¹¹ Re Commission Investigation Into Qualifying Facility Contracting and Pricing, Docket No. UM 1610, Order No. 16-429 at 1 (Nov. 9, 2016).

¹² Re Investigation of PacifiCorp's Non-Standard Avoided Cost Pricing, Docket No. UM 1802, PacifiCorp's Motion to Amend the Procedural Schedule at 1 (June 28, 2017).

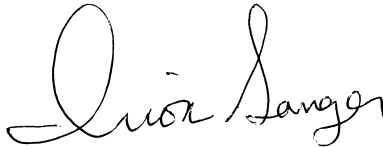
¹³ Re Investigation of PacifiCorp's Non-Standard Avoided Cost Pricing, Docket No. UM 1802, PacifiCorp's Opening Testimony at PAC/300, MacNeil/5 (Jul7 21, 2017) ("PacifiCorp therefore believes that the appropriate path forward is to

Because similar issues have been raised for both PGE and PacifiCorp, it makes little sense to make any policy decision that would affect only PGE.

Finally, if the Commission is going to change PGE's renewable avoided cost rate methodology outside of a generic proceeding, at a minimum, stakeholders should be allowed an opportunity to comment, which could occur in the post-IRP avoided cost rate update proceeding. This proceeding, however, does not provide an adequate opportunity to address Staff's recommendation, and it should be rejected.

Dated this 4th day of August, 2017.

Respectfully submitted,



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Of Attorneys for the Renewable Energy Coalition

investigate these issues in a generic docket involving a full range of stakeholders and all Oregon utilities with mandatory [PURPA] obligations”).