



April 12, 2021

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
201 High Street, Suite 100
Post Office Box 1088
Salem, OR 97308-1088

Re: LC 73 PGE IRP Update Comments on Staff Report

Dear Commissioners:

NewSun Energy LLC (NewSun) provides these comments in response to the Staff Report on Portland General Electric's (PGE's) Integrated Resource Plan (IRP) Update filed on April 6, 2021. NewSun previously submitted comments on PGE's IRP Update on March 10, 2021 and will not reiterate each of the points made in those comments. In short, this process of giving PGE unilateral discretion regarding which avoided cost inputs to update creates discriminatory avoided cost prices and the Public Utility Commission of Oregon (Commission) should not allow it. The correct choice here is to not acknowledge PGE's IRP Update.

At a minimum, the Commission should protect projects that have already received pricing or simply not acknowledge PGE's update to the effective load carrying capability (ELCC) value for solar for its May 1, 2021 avoided cost update filing and require that avoided cost inputs be updated following the next full IRP in a more holistic manner. Staff correctly identified that PGE's attempt to reduce the ELCC value for solar assumes that all qualifying facility contracts executed at the time of its snapshot date would come online, and that community solar resources would come online despite PGE not knowing the exact date.¹ PGE's selective update is even more inappropriate in light of the concerns raised by NewSun that PGE's ELCC for solar is already low due to other underlying inputs like the proxy resource's capacity factor and DC/AC ratio.²

PGE has no other reason to request acknowledgement of this IRP Update except to use those updates in its annual avoided cost filing. PGE is not seeking any change to its action plan. Commission rules clearly state that a utility may request acknowledgement of changes *to its action plan*,³ and the Commissions IRP guidelines state that "[u]nless the utility requests acknowledgement of changes in proposed actions, the annual update is an informational filing."⁴

¹ Staff Report at 12.

² See NewSun's Opening Comments.

³ OAR 860-027-0400(8) ("The energy utility may request acknowledgment of changes, identified in its update, to the IRP action plan.").

⁴ *In re Pub. Util. Comm'n of Or. Investigation into Integrated Resource Planning*, Docket No. 1056, Order 07-047 at Appendix A at 4 (Feb. 9, 2007).

NewSun understands that in PGE's update to its 2016 IRP, the Commission previously acknowledged an IRP update when there were no changes to the action plan, but that does not mean the Commission is required to do so here. Further, that order was published on May 1, 2018. Later that year, the Commission adopted new rules "intended to memorialize in rule previously adopted Commission policies regarding utility pricing and contracting with QFs" including changes to the rule governing annual avoided cost updates.⁵ The decision to permit a utility to seek acknowledgement of IRP updates that only affect the annual avoided cost update did not make it into those rules.

Even so, the Public Utility Regulatory Policies Act (PURPA) requires that rates for purchase by electric utilities from qualifying facilities "shall not discriminate against qualifying cogenerators or qualifying small power producers."⁶ To give PGE the discretion to selectively update the inputs to its avoided costs is discriminatory. The Commission has set no sideboards on PGE regarding which types of avoided cost inputs may or must be updated in its IRP Update and left that discretion entirely to PGE. It is no wonder that the things PGE has focused on updating in the few months before it filed its IRP Update and included here are all things that lower avoided costs. PGE has every incentive to lower avoided costs and zero incentive to bring to the Commission an IRP Update that would increase avoided costs. This process creates discriminatory rates in violation of PURPA and the Commission should not allow it.

What the Staff Report makes clear is that there is much work to be done on PGE's ELCC value for solar and therefore it is appropriate to hold off on making an extreme cut to that value until it can be examined more holistically. In setting the IRP guidelines, this Commission said that it will consider utility requests to acknowledge an IRP Update, but that there may be instances where the Commission is "unable to acknowledge the plan without the additional information and analysis provided by a new IRP filing."⁷ That is the case here.

Here, Staff was initially concerned that PGE's ELCC for solar was dropping so sharply, and so quickly. NewSun and other stakeholders also expressed concerns with this sharp drop in the ELCC value, and NewSun noted other areas of PGE's calculation that need to be updated including the capacity factor and DC/AC ratio. While Staff is satisfied based on conversations with PGE that the update is appropriate, Staff still requests that PGE perform additional analysis for its next IRP, specifically that PGE calculate ELCC values by year, which Staff notes is consistent with discussions currently ongoing in UM 2011, the Commission's generic capacity investigation. The UM 2011 investigation is projected to wrap up this year. Therefore, its outcome is likely to be available to inform PGE's next full IRP.

NewSun's concerns with PGE's ELCC value for solar center, in part, on the underlying assumptions of the proxy resource. Refreshing those inputs will result in a more up to date ELCC value. NewSun did not mean to suggest, as Staff and PGE indicate, that PGE update the

⁵ *In re Rulemaking Regarding Power Purchases by Public Utilities from Small Qualifying Facilities*, Docket No. AR 593, Order No. 18-422 (Oct. 29, 2018).

⁶ 16 USC § 824a-3(b)(2).

⁷ *In re Pub. Util. Comm'n of Or. Investigation into Integrated Resource Planning*, Docket No. 1056, Order 07-002 at 10 (Jan. 8, 2007).

inputs to the proxy resource in isolation, but rather to recommend the opposite. PGE is already cherry-picking updates in isolation of other factors. NewSun's recommendation is that ELCC value should be updated with a holistic view of all of the inputs, rather than simply the ones that PGE has selectively pulled out and which result in a dramatic decrease.

In this IRP Update, PGE updates a few of the inputs that affect the ELCC value in isolation. First, PGE updates its ELCC calculation by changing the input for the amount of solar resources in its portfolio effectively moving up two increments from the place it was in at the time of its 2019 IRP.⁸ That change would have moved the ELCC value for solar from 15.8% to 7.2%.⁹ Second, PGE also updates its ELCC calculation with other factors including "the updated econometric load forecast; the resource updates (e.g., the Douglas PPA, the QF snapshot, market capacity, and the characteristics of the solar resources); and the Sequoia model."¹⁰ These updates have the combined effect of lowering the ELCC further from 7.2% to 5.5%.¹¹

NewSun and other stakeholders indicated that it was inappropriate for PGE to include all of the solar resources it added to its portfolio for purposes of recalculating this ELCC. In short: (1) PGE assumes that 100% of executed qualifying facility contracts will come online as of their scheduled commercial operation date (COD) even though there is a history of delayed operations, (2) PGE assumes that facilities who had passed their scheduled COD would all come online a month later, and (3) that community solar projects would come online on a date certain even though PGE admits that it does not know the exact date the program will launch. In sum, PGE should not be updating only selective inputs that lower its solar ELCC value in isolation, and especially when there are other significant updates needed and new resources and/or guidance coming out of the Commission's UM 2011 generic capacity investigation.

For example, PGE states that solar does not contribute to its hours of greatest need in the summer months because its modeling shows that the hours of greatest need are later in the summer evenings when solar is not generating as much.¹² However, in the UM 2011 process, Energy+Environmental Economics produced a heatmap which showed that PGE has a significant need in the afternoon hours in the summer,¹³ a time that is well-aligned with solar resources. Figure 1 below shows loss of load probability hours concentrated in July and August afternoons. Therefore, since other dockets show contradicting information, it simply does not make sense to selectively update limited aspects of the ELCC calculation and especially given

⁸ PGE Reply Comments at 17 (Mar. 24, 2021) ("A more appropriate comparison, however, is between the first increment of the IRP Update and the third increment of the 2019 IRP (5.5 percent and 7.2 percent) because these have approximately the same quantity of solar resources in the portfolios.").

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² PGE Reply Comments at 19-20.

¹³ *In re Pub. Util. Comm'n of Or General Capacity Investigation*, Docket No. UM 2011, Energy+Environmental Economics, Capacity Value Framework & Allocation Options presentation at 39 (July 9, 2020).

the issues underlying PGE’s modeling and the other ongoing work at the Commission to improve capacity contribution calculation across applications.

“Raw” LOLP values serve as the starting point for developing allocation factors

- + PGE LOLP hours are concentrated in Jul/Aug afternoons, and Nov-Jan evenings
- + Using the unadjusted LOLP values has the advantage of directly mapping capacity payments to highest-probability loss of load hours
 - However, this may be more temporally granular than would be desired (more difficult to implement)

PGE LOLP (2019)*

Month	Hour																							
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000
9	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
10	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001	0.000	0.000	0.000
12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001	0.001	0.001	0.000	0.000	0.000

Figure 1

Finally, the Commission should engage these issues in this docket to avoid any argument that these issues should have been raised earlier in the process. NewSun has previously been asked to raise its concerns with avoided cost inputs in the IRP process because past avoided cost update have often been a “check the box” sort of review without fully getting into underlying inputs and data. This year, NewSun participated in the IRP process and asks that the Commission engage with those issues here with all the information before it. NewSun is one of a few companies still working on PURPA projects in Oregon and driving meaningful progress on climate action in this state. NewSun appreciates Staff’s engagement and wants to participate in these in the most cost effective and meaningful manner as is possible. We are always willing to make ourselves available to discuss, clarify and/or work through issues with Staff and other stakeholders.

The Commission has the opportunity in this docket to simply not acknowledge PGE’s IRP Update, or at a minimum its update to its solar ELCC value and avoid re-hashing out all of these arguments next month after PGE files its annual May 1, 2021 avoided cost price update. At a minimum, the Commission should protect qualifying facilities that have already received pricing

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for their projects from being impacted by this sharp decline in the solar capacity value. Thank you for your consideration. NewSun is available for further discussion on these important topics.

Sincerely,

A handwritten signature in black ink that reads "Marie P. Barlow". The signature is written in a cursive style with a large, stylized initial "M".

Marie P. Barlow

In-House Counsel

Policy & Regulatory Affairs

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