

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 80

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2023 Clean Energy Plan and Integrated
Resource Plan

RENEWABLE ENERGY COALITION’S
COMMENTS ON STAFF ROUND 2
COMMENTS AND RECOMMENDATIONS

I. INTRODUCTION

The Renewable Energy Coalition (the “Coalition”) respectfully submits these Comments on Staff’s Round 2 Comments and Recommendations in the matter of Portland General Electric Company’s (“PGE’s”) 2023 Clean Energy Plan and Integrated Resource Plan (generally the “2023 IRP”). The Coalition appreciates Staff’s detailed review of many complicated issues in this proceeding. However, Staff’s Round 2 Comments omit a longstanding issue: planning assumptions regarding qualifying facilities (“QFs”). PGE assumes zero existing qualifying facilities (“QFs”) will renew their contracts and 100% of Schedule 202 QFs¹ will achieve commercial operations. The Coalition’s Round 1 Comments recommended that the Commission: 1) not acknowledge PGE’s 2023 IRP assumptions regarding existing QFs and Schedule 202 QFs; and 2) direct PGE to assume that a reasonable number of QFs will renew or

¹ Schedule 202 is PGE’s avoided cost power purchase information tariff for QFs larger than 10 megawatts, and the Coalition uses it for shorthand for all QFs above 10 MWs. However, PGE can negotiate and purchase power from QFs outside of its rate schedules.

otherwise enter new contracts with PGE at the end of their current contracts (such as 100%), and that fewer than all Schedule 202 QFs will develop (such as 50%).²

The Coalition urges Staff to incorporate a similar recommendation into their next set of comments. The Coalition understands that Staff is reserving its comments on this topic until it files the Staff Report and Final Recommendation. The Coalition has prepared these comments as a summary of Staff's prior recommendations on QF planning assumptions to assist Staff in this matter.

The Coalition maintains its prior comments on PGE's community solar planning assumptions and is not repeating them in here.³ PGE's response on this point was cursory.⁴ Whether in this IRP or a generic docket like UM 1930, the Coalition urges Staff to consider the value of the Commission's initial guidance on how utilities ought to treat community solar projects for IRP purposes.⁵

II. COMMENTS ON QF PLANNING ASSUMPTIONS

The Coalition has been raising concerns with QF planning assumptions for several years. Following is a partial summary focused on Staff's prior statements, many of which could appropriately be copied and pasted here nearly verbatim.

² Coalition's Round 1 Comments at 11 (July 27, 2023).

³ See Coalition Round 1 Comments at 9-12 (discussing, in part, Order No. 17-232); see also *In re PGE 2019 IRP*, Docket No. LC 73, Coalition's Comments on the IRP Update at 2, 4-8 (Mar. 10, 2021).

⁴ See PGE Reply Comments at 49 (Sept. 6, 2023) (directing the Coalition to review Order No. 17-232).

⁵ *In re Rules Regarding Community Solar Projects*, Docket No. AR 603, Order No. 17-232 at 13 (June 29, 2017); see also *In re Community Solar Implementation*, Docket No. UM 1930, Staff Presentation slide 14 (Nov. 13, 2023) (declaring an intention to increase monitoring and data collection on community solar projects during the development process, particularly monitoring interconnection-related delays).

In 2020 and 2021, when addressing PGE’s 2021 IRP and 2021 IRP Update, Staff expressed agreement with the Coalition that QF planning assumptions need to be “more realistic.” In April 2021, Staff wrote that:

Staff’s position is unchanged, “in the context of planning, REC recommends that PGE account for a more realistic rate at which QFs come online and renew or enter new contracts with PGE at the end of their current contracts. Staff genuinely appreciates REC’s recommendations and is interested in further exploring these issues UM 2038” for the next IRP.⁶

A few months later, in June 2021, the Commission summarized the issue for Idaho Power as follows:

Wind renewals are still several years away, but we agree with Staff that *modeling should include some percentage, rather than taking an “all or nothing” approach.* Idaho Power’s assumption of zero renewals of wind QFs is unrealistic, but assuming that all resources will renew may also not be realistic. *Some reasonable assumption must be made.* Without any actual experience, developing such an estimate may seem arbitrary, but IRPs are, in part, based on such uncertainties and reasonable estimates and forecasts. In addition to adopting Staff’s recommendation to come up with reasonable assumptions through a sensitivity analysis, we direct that, in the next IRP, Idaho Power explain how the sensitivities resulting from the study would affect the IRP’s preferred portfolio and action plan if incorporated. Although we prefer that this issue be addressed generically, through UM 2038, we recognize that this docket has been delayed and conclude that such delay should not preclude directing utilities to advance toward more reasonable renewal assumptions in individual IRPs.⁷

⁶ Docket No. LC 73, Staff Report at 7 (Apr. 6, 2021) (internal citations omitted) (quoting Staff Report for the March 16, 2020 Special Public Meeting at 60).

⁷ *In re Idaho Power 2019 IRP*, Docket No. LC 74, Order No. 21-184 at 19-20 (June 4, 2021) (emphasis added).

Later, in June 2021, Staff addressed PGE’s QF assumptions in PGE’s avoided cost docket, UM 1728. Staff wrote that:

Staff finds it important to consider whether a conservative planning assumption is also the most reasonable reflection of the Company’s avoided costs. *Until there is a more rigorous investigation through Dockets No. UM 2000 or UM 2038, Staff agrees with the QF parties that a 50-75% QF success rate is a more reasonable reflection of reality* for the purposes of identifying the appropriate compensation of marginal capacity value of future solar QFs. Staff recommends that the Commission modify PGE’s avoided cost update to reflect an 8.5% solar ELCC. Staff notes that imputing the ELCC under these assumptions is appropriate for a compensation framework and should not be interpreted as conclusive for planning purposes.⁸

Meanwhile, in the generic capacity investigation docket, Staff began circulating proposed best practices from around June 2021 to their adoption in December 2022.⁹ Although QF-related issues were largely deferred to UM 2000, it is still noteworthy that Staff’s adopted principles recognized the importance of utilities updating their supply-side resource portfolio for capacity modeling to recognize

- i. Non-PURPA resources that are contractually committed, including voluntary customer supported supply-side resources;
- ii. PURPA projects that are contractually committed to come on-line *and reasonably expected to produce power*[.]¹⁰

⁸ *In re PGE Updates to Schedule 201, QF Avoided Cost Information*, Docket No. UM 1728, Staff Report at 6 (June 24, 2021) (emphasis added).

⁹ *E.g., In re Generic Capacity Investigation*, Docket No. UM 2011, Staff’s straw proposal for ELCC modeling standards (June 8, 2021); Docket No. UM 2011, Order No. 22-468, Appendix A at 18 (Dec. 1, 2022).

¹⁰ Docket No. UM 2011, Order No. 22-468, Appendix A at 18.

In February 2022, Staff addressed QF planning assumptions in PacifiCorp’s 2021 IRP.

Staff wrote that:

In Opening Comments, Staff asked “that the Company model QF renewals and explain the impact of these renewals on its load resource balance.” PAC responded that it instead “opted to provide an explanation.” Accurately forecasting QFs is a significant issue because it affects the Company’s resource need position. In the last several IRPs, QFs have been modeled as not renewing after contract expiration. *Generally, Staff finds it appropriate to assume some reasonable amount of QF renewals in the IRP, since historically the renewal rate has been nonzero.*

For the next IRP, Staff recommends a two-pronged approach. First, for the long-term forecast, Staff maintains that PacifiCorp should model QF renewals at some reasonable rate. Second, Staff recommends that for the first 4-5 years of the planning horizon, zero QF renewals should be assumed unless the Company has specific knowledge that a QF will renew. This will allow the Company to plan for a reliable near-term Action Plan, while modeling later QF renewals at a reasonable rate.

...

At this time, Staff does not propose a specific QF renewal rate assumption, but recommends that PAC *assume some reasonable level of assumed renewals in its next IRP because accurate QF assumptions are needed for accurate long-term planning.*¹¹

The Commission agreed with Staff. Order No. 22-178 states that:

We direct PacifiCorp to forecast a likely QF contract renewal rate. Because PacifiCorp operates in a multi-state footprint, we understand this assessment to be more complicated than an Oregon-only renewal rate. However, PacifiCorp should use historical renewable rates as well as other relevant information in its possession and attempt to *make its forecast as accurate as possible.*¹²

¹¹ *In re PacifiCorp 2021 IRP*, Docket No. LC 77, Final Staff Comments at § 3.1.1 (Feb. 11, 2022) (emphasis added).

¹² Docket No. LC 77, Order No. 22-178 at 14 (May 23, 2022) (emphasis added).

The Commission’s oral deliberations at the March 29, 2022 special public meeting were arguably even more strong that PacifiCorp needed to come up with a reasonable QF renewal assumption that was “non-zero” and “informed by reasonable historical renewal rates.”¹³ PacifiCorp’s 2023 IRP states that “PacifiCorp used an analysis of historical rates to establish a 79% renewal rate[.]”¹⁴ The Coalition is not addressing the reasonableness of this number but notes that PacifiCorp did comply with the Commission’s direction to come up with an empirically based estimate.

In October 2022, Staff again addressed QF planning assumptions in Idaho Power’s 2021 IRP. Staff wrote that:

Staff supports REC’s recommendation. Idaho Power should derive the planning assumption renewal rate of wind QFs from an empirical basis in the 2023 IRP.

Idaho Power should also base the planning assumption of new QFs on a reasonable forecast. By making no assumptions about new QFs, Idaho Power is assuming no QFs. That is a forecast, a forecast that is well understood to be an underestimation.¹⁵

The Coalition is still evaluating Idaho Power’s 2023 IRP on this point.

III. CONCLUSION

The Coalition looks forward to getting this issue resolved, hopefully once and for all, in Docket No. UM 2038 or possibly UM 2000. In the meantime, the Coalition urges Staff to draft a painstakingly clear recommendation for PGE, similar to those already issued for Idaho Power

¹³ Docket No. LC 77, Special Public Meeting at 3:44:02 (Mar. 29, 2022).

¹⁴ *In re PacifiCorp 2023 IRP*, Docket No. LC 82, PacifiCorp Amended 2023 IRP Appendix B at 39 (May 31, 2023).

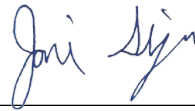
¹⁵ *In re Idaho Power Company 2021 IRP*, Docket No. LC 78, Staff Report at 36 (Oct. 28, 2022).

and PacifiCorp, that directs PGE to assume that a *reasonable, non-zero number* of QFs will *renew* or otherwise enter new contracts with PGE at the end of their current contracts (such as 100% or nearly 100%), and that a *reasonable and realistic* number of Schedule 202 QFs will develop (fewer than 100% but more than 0%, such as 50%).

Dated this 21st day of November 2023.

Respectfully submitted,

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