

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1610**

In the Matter of
PUBLIC UTILITY COMMISSION OF
OREGON
Staff Investigation Into Qualifying Facility
Contracting and Pricing

STAFF'S RESPONSE TO DISPUTED
ISSUES

On October 3 2012, Staff filed its consolidated list of issues for UM 1610. That list was the product of a series of issue statements and workshops among all the parties, held over the months of August and September 2012. As described in the ALJ's August 24 procedural ruling, parties also filed their own "disputed" issues on October 3, 2012.

Staff wants to clarify that, although we used the term "consensus list" in our October 3, 2012 filing, not every issue on that list had 100 percent agreement. As stated in its October 3 filing, Staff's intent in consolidating issues was not to eliminate an issue that was important to any party. For that reason, there are some issues on Staff's proposed list that did not have 100 percent agreement but were important enough to one or more parties to warrant consideration. The fact that no party objected to a proposed issue was sufficient for its inclusion, but not absolutely necessary.

Staff now responds to the lists of disputed issues filed on October 3 by Renewables Northwest Project (RNP), Renewable Energy Coalition (REC), Community Renewable Energy Association (CREA) and PacifiCorp.

RNP recommended that we add: "Should there be a special avoided cost rate based on the mandatory purchase obligation in ORS 757.370 (the Minimum Solar Energy Capacity Standard)?"

REC recommended that we add: "Should we recognize that there may be a mismatch between the timing of the execution of the interconnection agreement and interconnection milestones in the PPA which warrants the elimination of the interconnection milestones in the PPA?"

CREA recommended that we add: "What is the appropriate process for updating standard form contracts, and should the utilities' recently filed standard form contracts be amended by edits from stakeholders or the Commission?"

PacifiCorp recommended adding two additional issues:

- i. Should the current standard form contract terms and conditions be revised and what is the process and requirements for future modifications of the standard form contracts terms and conditions; and
- ii. Should QFs have the option to elect standard or renewable avoided cost prices that are levelized or partially levelized?

Staff has no objection to the issues proposed for addition. All of them were on the draft issues lists provided by the parties during the workshop process. Staff believes that these issues are implicitly contained in more broadly stated issues on our list of October 3, but supports stating them explicitly if that will clarify the scope of the investigation. The issue requested by CREA is essentially the same as the first issue recommended for addition by PacifiCorp.

PacifiCorp also recommended deleting two issues:

- i. Should there be changes to the interconnection rules, policies or practices to facilitate the timely execution of PPAs under PURPA and a more expeditious process for constructing a QF and bringing it on line?
- ii. Should the interconnection process allow, at QFs request or upon certain conditions, third party contractors to perform certain functions in the interconnection review process that are currently performed by the utility?

PacifiCorp suggested addressing interconnection issues in a separate docket, stating that including them in UM 1610 would expand the scope of the docket, cause unnecessary delay, and involve a different set of Company representatives, namely those from the transmission services department. PacifiCorp stated that FERC regulations require functional separation between the two departments and allow limited interaction. Staff does not believe there is a conflict with FERC's separation rules. Those rules prevent the transmission department from sharing information with the Company's "merchant" side that might create an unfair advantage. However, any interaction between the two PacifiCorp departments would take place in open public meetings, and all information in this docket is part of an open and transparent process.

Regarding concerns over broadening the docket scope, Staff notes that the interaction between the PPA and interconnection process is already under investigation in UM 1457. Excluding the issue from this docket will not resolve it. The PPA and interconnection processes are already somewhat linked because the PPA process set forth in Schedule 37 references the status of the interconnection as one of the prerequisites. Staff's understanding is that the Commission's intent in opening this generic docket was to take a big picture look

at a number of outstanding open dockets, UM 1457 among them. Staff believes that investigating the link between the PPA process and the interconnection process is consistent with the Commissioners' statements at the May 2012 Public Meeting at which it opened this generic docket.

Staff suggests we alleviate concerns about over-broadening this docket with a more focused issue statement. The principal issues raised in the petition for UM 1457 and by REC, CREA, ICNU and ODOE during the workshop process were: (i) the extent to which milestones in the interconnection process can delay the PPA process, and (ii) a larger role for third party contractors in the interconnection process. Staff believes a more focused issue statement can resolve the largest concerns without overly delaying the investigation. A more focused issues statement would be:

- (i) Should conditions in the PPA process that reference the status of interconnection agreements be modified so that the steps in the interconnection process do not impede the progress of the PPA?
- (ii) Should QFs have the ability to elect a larger role for third party contractors in the interconnection process? If so, how could that be accomplished?

No other party filed a list of disputed issues. Staff appreciates the input and comments from all parties.

Dated at Salem, Oregon, this 10th day of October 2012.



Adam Bless
Senior Utility Analyst
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CERTIFICATE OF SERVICE

UM 1610

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 10th day of October, 2012 at Salem, Oregon



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UM 1610
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