

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1729(1)

In the Matter of)	
)	COMMENTS OF CYPRESS CREEK
PACIFICORP, dba PACIFIC POWER,)	RENEWABLES, LLC
)	
Schedule 37 Avoided Cost Purchases from)	
Qualifying Facilities)	

Cypress Creek Renewables, LLC (“Cypress Creek”) files these comments regarding PacifiCorp’s proposed adjustments to its Schedule 37 avoided cost rates for small renewable qualifying facilities (“QFs”). Cypress Creek is in substantial agreement with each of the substantive points made by the Commission Staff in its draft report with respect to the renewable avoided cost rates. In addition to Staff’s recommendation, Cypress Creek also urges the Commission to Order that PacifiCorp may not seek any further mid-cycle reductions to its Schedule 37 renewable rates unless and until PacifiCorp has acknowledged by the Commission a new or updated IRP that addresses SB 1547.

Cypress Creek agrees with Staff that it is appropriate to change the start of the renewable resource deficiency period to January 1, 2018. A compelling case can be made that the start of the renewable resource deficiency period should actually be April 11, 2016. On April 11, 2016, PacifiCorp issued a request for proposals (“RFP”) to purchase new renewable resources. A utility cannot be “resource sufficient” while it is simultaneously seeking bids to purchase additional resources. Nevertheless, PacifiCorp, Staff and other relevant stakeholders have agreed, by way of compromise, that 2018 would be a fair starting point for PacifiCorp’s renewable resource deficiency period instead of 2016. Cypress Creek supports this compromise position on the start of the deficiency period so long as the Commission also imposes upon PacifiCorp the stay-out requirement discussed

below. If the Commission declines to impose a stay-out requirement, however, then the renewable resource deficiency period should start immediately.

Cypress Creek also agrees with Staff's conclusion that inputs for PacifiCorp's renewable proxy plant should come from PacifiCorp's acknowledged 2015 Integrated Resource Plan ("IRP") and not from an unacknowledged IRP update or confidential RFP response. Staff's conclusion to rely on the acknowledged 2015 IRP is not only procedurally correct; it is also objectively reasonable. For example, PacifiCorp proposes to increase the capacity factor of its on-system wind proxy from 29% to 35%. While it may be theoretically possible for a wind project to reach a 35% capacity factor, the overwhelming evidence before the Commission confirms that it is unrealistic to develop sufficient wind projects with a 35% capacity factor in PacifiCorp's territory so as to merit a change in the renewable proxy resource. PacifiCorp also posits a dramatic decrease in capital costs for its proxy project based on alleged RFP responses that remain both unconfirmed and untested. On the other hand, the capital costs from PacifiCorp's 2015 IRP remain consistent with the objective capital cost estimates made by the Northwest Power and Conservation Council in its Seventh Power Plan.

Cypress Creek offers the following comments on one issue that Staff does not directly address in its draft report. Even if Staff's recommendations are adopted by the Commission in their entirety, there is nothing that would stop PacifiCorp from immediately thereafter seeking a new set of changes based on equally dubious cost inputs. It is no secret that PacifiCorp's PURPA playbook calls for it to seek a "mid-cycle" update immediately following the conclusion of its 2016 renewables RFP based on "changed circumstances." Although Staff's draft report supports the conclusion that PacifiCorp should not be entitled to any mid-cycle changes to its Schedule 37 renewable avoided cost rates unless and until PacifiCorp has a new or updated IRP update acknowledged by the

Commission, Staff stops short of recommending such a “stay out” requirement. In exchange for moving the start of the renewable resource deficiency period from 2016 to 2018, Cypress Creek respectfully asks the Commission to bar PacifiCorp from seeking any mid-cycle reductions to its Schedule 37 renewable rates unless and until a new or updated IRP accounting for SB 1547 is acknowledged by the Commission.

Cypress Creek understands that in Order 14-058 the Commission allowed purchasing utilities to seek a mid-cycle update to avoided cost rates based on a “significant change” to avoided cost rates. As the Commission made painfully clear to PacifiCorp at the March 22, 2016 public meeting, however, there has already been a “significant change” affecting PacifiCorp’s avoided cost rates. This is, of course, the enactment of SB 1547. The Commissioners’ comments at the March 22 meeting reflect the Commission’s expectation that PacifiCorp shall seek acknowledgement of a new or updated IRP analyzing its resource requirements in light of SB 1547. Although PacifiCorp has filed an updated IRP since that public meeting, PacifiCorp stubbornly refused to seek acknowledgement of its updated IRP. PacifiCorp should not be rewarded with serial requests to lower its avoided costs rates so long as the most significant change of all—SB 1547—remains unaddressed.

DATED this 22nd day of July, 2016.

/s/ Richard G. Lorenz
Richard G. Lorenz, OSB No. 003086
Cable Huston LLP
1001 SW Fifth Avenue, Suite 2000
Portland, OR 97204-1136
(503) 224-3092 (Telephone)
(503) 224-3176 (Fax)
rlorenz@cablehuston.com

Of Attorneys for
Cypress Creek Renewables, LLC