

March 23, 2018

Via Email

Chair Lisa Hardie
Commissioner Steve Bloom
Commissioner Megan Decker
Oregon Public Utility Commission
201 High St SE, Suite 100
Salem, Oregon 97301

RE: In the Matter of PACIFICORP, dba PACIFIC POWER, 2017 Integrated Resource Plan
In the Matter of PACIFICORP, dba PACIFIC POWER, Application to Update Schedule 37 Qualifying Facility Information
Docket Nos. LC 67 and UM 1729

Dear Commissioners:

The Renewable Energy Coalition, Community Renewable Energy Association and Northwest and Intermountain Power Producers Coalition (“Joint QF Parties”)¹ submit these comments in support of Staff’s recommendation that the Oregon Public Utility Commission clarifies that the date of the integrated resource plan (“IRP”) acknowledgement decision (rather than the written order memorializing the decision) triggers the 30-day timeline to file avoided cost data for qualifying facilities. The Joint QF Parties are very concerned that there is a lack of clarity regarding avoided cost rate updates, that the Commission is inconsistently treating PacifiCorp and Portland General Electric Company (“PGE”), and that the current inconsistent policies are harming QFs. The Commission should adopt Staff’s recommendation and immediately direct PacifiCorp to file its expected avoided cost rate increase.

The question presented to the Commission is whether the date for filing a post-IRP avoided cost update is triggered from the date the Commission acknowledges the utility’s IRP or the date the written order is issued. The Commission’s historic practices have been inconsistent in terms of the timing of update filing and rate changes, but

¹ The Renewable Energy Coalition represents the interests of qualifying facilities in Idaho, Oregon, Utah, Washington and Wyoming. The Community Renewable Energy Association works to protect and create favorable state and federal policy in support of Oregon based renewable energy. The Northwest and Intermountain Power Producers Coalition represents electricity market participants in the Pacific Northwest, including independent power producers, electricity service suppliers and transmission companies.

generally consistent in that, whatever the date used is, it is to the detriment of qualifying facilities (“QF”).

The most recent post-IRP avoided cost rate updates illustrate the problems caused by the lack of clarity. PGE’s 2017 IRP was acknowledged by the Commission at the August 8, 2017 public meeting, but the written order was not published until October 9, 2017.² PGE, however, quickly acted and filed a significant avoided cost rate decrease in less than two weeks (rather than even waiting the full 30 days) on August 18, 2018. PGE’s early filing was unexpected by at least some developers and resulted in many QFs being unable to finalize power purchase agreements with rates they had been relying upon to arrange their affairs and development efforts.

PacifiCorp’s 2017 IRP was acknowledged by the Commission over three months ago at the December 11, 2017 public meeting, but the written order has still not been published. No one outside of the Commission has any estimate of when the written order regarding PacifiCorp’s IRP will be released, and it is impossible to effectively plan on when rates will change.

PacifiCorp’s avoided cost rate filing, unlike PGE’s, should result in an avoided cost rate increase. PacifiCorp’s current date of resource sufficiency and deficiency is 2028 for both standard and renewable rates. Resource sufficiency is the period in which the utility is assumed not to be acquiring new generation, and during the sufficiency period established in the avoided cost rates QFs are effectively not paid for capacity in Oregon.³ Resource deficiency is the first date upon which the utility is assumed to be planning on acquiring a new resource, and the rates include both an energy and capacity payment.⁴ Thus, rates are typically far higher when the utility is planning on resource acquisitions in the near term, such as the major acquisition PacifiCorp is currently undertaking.

QF advocates have been arguing for over **two years** that PacifiCorp was planning on acquiring a major new renewable resource, and its rates should be increased to reflect this fact instead of arbitrarily pretending PacifiCorp will not obtain such a resource for at least the next decade. The Commission acknowledged PacifiCorp’s 2015 IRP on

² Re Portland General Elec. Co., 2016 Integrated Resource Plan, Docket No. LC 66, Order No. 17-386 at 1 (Oct. 9, 2017).

³ In Oregon, sufficiency period capacity value is based on market estimates, which are de minimus as compared to the capacity costs of a fully committed resource. Washington requires utilities to pay capacity payments during the sufficiency year and Idaho requires a capacity payment for existing QFs renewing an existing PPA with the same utility.

⁴ The capacity payment is based on the capital costs of a new wind (for renewable prices) or thermal (for standard prices) generating resource.

February 29, 2016,⁵ and PacifiCorp quickly filed an avoided cost rate reduction the next day on March 1, 2016.⁶ PacifiCorp's filing showed no resource deficiency date because the Company claimed that it would not acquire new renewables for more than 20 years. Renewable energy and QF parties challenged PacifiCorp's filing because it ignored the recent passage of SB 1547, which PacifiCorp had publicly stated would result in it acquiring new renewable resources in the near term. There was long and protracted litigation over what the renewable deficiency date for PacifiCorp should be in two dockets (UM 1729 and UM 1794), with the QF parties submitting numerous pleadings, attending two public meetings and preparing three pieces of testimony, including retaining an expert witness. In the end, the Commission closed the docket without a final order on July 7, 2017.⁷

During this time, PacifiCorp has issued three renewable requests for proposals and a planned transmission line that is only economic if tied to the acquisition of new wind generation in Wyoming – all while maintaining Oregon avoided cost rates that pretend such a resource will not be acquired until 2028. Those resources have an on line date of 2021, and PacifiCorp is requesting short-list acknowledgement of over 1,300 MW of new wind generation. The combined costs of the new wind plus the required transmission – which has obviously planned for quite some time – should have resulted in an avoided cost rate increase long ago and must now be expeditiously adjusted.

It is abundantly clear that PacifiCorp is in a renewable resource acquisition phase, but avoided cost rates have not reflected this fact. It appears that the Commission might allow PacifiCorp to, over a two year period, make the largest single renewable resource acquisition of any Oregon utility ever, without adjusting avoided cost rates even once to reflect this deliberately planned acquisition. Moreover, the arbitrarily low avoided cost rates for PacifiCorp have significantly impacted the ability of new and existing QFs to sell power to PacifiCorp, effectively preventing QFs from deferring any of PacifiCorp's new generation acquisitions. While the Commission acted in mere weeks to change avoided cost rates due to concerns that they are too high, the Commission has waited over two years to meaningfully change rates when there are concerns that they are too low.

In contrast, it is also abundantly clear that PGE is in a renewable resource acquisition phase, but its rates have more accurately reflected this fact. PGE is still

⁵ Re PacifiCorp, dba Pacific Power, 2015 Integrated Resource Plan, Docket No. LC 67, Order No. 16-071 (Feb. 29, 2016).

⁶ Re PacifiCorp, dba Pacific Power, Application to Update Schedule 37 Qualifying Facility Information, Docket No. UM 1729, Compliance Filing at Oregon Schedule 37 page 6 (May 1, 2016).

⁷ Re PacifiCorp dba Pacific Power Investigation into Schedule 37 – Avoided Cost Purchases from Qualifying Facilities of 10,000 kW or Less, Docket No. UM 1794, Order No. 17-239 (July 7, 2017).

planning on acquiring about 100 average megawatts of new renewables, but its need has decreased as it has entered into a significant number of QF contracts. Some of those are located in PacifiCorp's service territory, including some who previously sold power to PacifiCorp.

Whether intentional or by happenstance, the Commission is providing PacifiCorp with greater protection against QFs than PGE. It is time to treat both utilities the same, and adjust PacifiCorp's rates to reflect the costs of new generation and the associated transmission to bring that power to load.

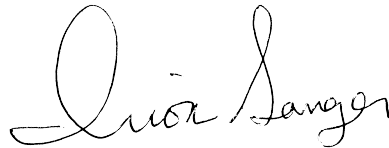
When reviewing PacifiCorp's post-IRP and/or May 1 avoided cost rate update, the Commission should keep in mind that QFs have had no opportunity to defer PacifiCorp's new Wyoming wind and transmission resources. Once new and higher rates are adopted, the Commission should ensure that those rates are in effect for a period of time to allow QFs to enter into new contracts. This is especially important for existing projects that have expiring contracts, and whose only current economic option may be to sell to PGE.

In making our recommendation, it bears reiterating that Oregon's Renewable Portfolio Standard specifically references community-based renewable energy projects and declares that such projects "are an essential element of this state's energy future."⁸ The law further provides a requirement that "by the year 2025, at least eight percent of the aggregate electrical capacity of all electric companies that make sales of electricity to 25,000 or more retail electricity consumers in this state must be composed of electricity generated by one or both of the following sources: (a) Small-scale renewable energy projects with a generating capacity of 20 megawatts or less; or (b) Facilities that generate electricity using biomass that also generate thermal energy for a secondary purpose." PURPA has been, and to this date remains, the only policy the Commission has implemented that could result in achieving this important statewide requirement. While acquiring large wind resources in Wyoming may serve PacifiCorp's interests, Oregon law and policy also directs the Commission to ensure that small renewable generators in Oregon are able to compete under PURPA to sell their output at reasonable avoided cost rates.

⁸ ORS 469A.210.

Therefore, the Commission should adopt Staff's recommendation that the date for filing an avoided cost rate update be triggered by the IRP decision and not a written order, and immediately direct PacifiCorp to file an avoided cost rate increase.

Sincerely,



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On behalf of the Renewable Energy Coalition, Community
Renewable Energy Association, and the Northwest and
Intermountain Power Producers Coalition