

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1734

In the Matter of

PACIFICORP d/b/a/ PACIFIC POWER

Application to Reduce the Qualifying
Facility Contract Term and Lower the
Qualifying Facility Standard Contract
Eligibility Cap.

RENEWABLE NORTHWEST
AND NW ENERGY COALITION
RESPONSE TO PACIFICORP'S
MOTION FOR INTERIM RELIEF

I. INTRODUCTION

Renewable Northwest (“Renewable NW”) and NW Energy Coalition (“the Coalition”)¹ oppose PacifiCorp’s Motion for Interim Relief (“Motion”). In its Motion, PacifiCorp requests that the Public Utility Commission of Oregon (“Commission”) issue an order temporarily reducing the standard qualifying facility (“QF”) power purchase agreement (“PPA”) eligibility threshold for solar QFs from 10 MW to 3 MW while PacifiCorp’s application in this proceeding is being considered. The application, in turn, asks the Commission to reduce the eligibility cap for standard avoided cost rates from 10 MW to 100 kW for wind and solar QFs under the Public Utility Regulatory Policies Act of 1978 (“PURPA”), and to shorten the maximum contract term for all QF PPAs from 15 years to 3 years.

PacifiCorp does not demonstrate that a dramatic increase in solar QFs will materialize, nor that an increase in QFs at PacifiCorp’s recently-updated avoided cost rates would be problematic on a system the size of PacifiCorp’s. Renewable NW and the Coalition respectfully request that the Commission deny PacifiCorp’s Motion.

¹ NW Energy Coalition also filed a Petition to Intervene in this docket on July 17, 2015. The Coalition joins this Response provisionally, pending action on its Petition to Intervene.

II. RESPONSE

PacifiCorp’s Motion argues that a large increase in solar QF projects justifies interim relief, but does not present persuasive evidence to support its assertions and therefore fails to demonstrate that interim relief is warranted. The Motion alleges that PacifiCorp has experienced “an unprecedented increase in requests for long-term PPAs at fixed-prices that exceed PacifiCorp’s actual avoided costs.”² However, the facts do not support there being an unprecedented increase in requests, nor do they support the conclusion that the costs associated with these QF projects will ultimately materialize. Even if a percentage of these projects ultimately become operational, PacifiCorp has failed to demonstrate that these projects will impose costs that exceed its actual avoided costs.

A. The Facts Do Not Support There Being an “Unprecedented” Increase in Requests on PacifiCorp’s System.

In its Motion, PacifiCorp alleges that it “has experienced an unprecedented increase in requests for long-term PPAs” for PURPA projects. In support of this assertion, PacifiCorp claims that it has 435 MW of “active requests” for QF PPAs.³ However, it is not clear from the application or the Motion what constitutes an “active request,” nor is it clear how this volume of “active requests” stacks up against requests for QF PPAs in previous years. Thus, PacifiCorp’s filings do not give the Commission enough information upon which to conclude that there is an “unprecedented increase” in requests for QF PPAs. PacifiCorp’s analysis is particularly wanting when compared to the evidence gathered in the Joint Parties’ Response in Opposition to PacifiCorp’s Motion for Interim Relief (“Joint Parties’ Response”).⁴ The Joint Parties’ Response provides a more complete picture that supports the opposite conclusion than the one PacifiCorp

² Motion at 1.

³ *Id.* at 3.

⁴ *See* Joint Parties’ Response at Part IV.

reaches—namely, that PacifiCorp is not facing an unprecedented increase in requests for PURPA projects.

B. PacifiCorp Has Failed to Demonstrate That the Costs Associated With These Requests Will Ultimately Materialize.

Even assuming that PacifiCorp were faced with an “unprecedented” flood of QF PPA requests, PacifiCorp does not demonstrate that the costs associated with the requests it has received will ultimately materialize. Requests for contracts and even QF projects with executed contracts do not necessarily result in operating projects; indeed, an executed PPA is one of many hurdles a project developer must clear in order to be on the path toward completing a QF project. Neither PacifiCorp’s Application nor its Motion provides any analysis on how many of the QFs with executed contracts or those with “active requests” are expected to result in operational projects. Moreover, PacifiCorp’s filings do not provide any historical data on what percentage of QF projects with executed contracts actually became operational. In the absence of such analysis, there is not a sufficient basis upon which to grant interim relief.

C. PacifiCorp Has Failed to Demonstrate That New Solar QFs Will Impose Costs in Excess of the Company’s Actual Avoided Costs.

Even if many of the requests that PacifiCorp cites reach the finish line, PacifiCorp has not demonstrated that it would be problematic for its system to absorb the stable cost, high capacity value energy from these projects. Among the tools and attributes that put PacifiCorp’s ratepayers in a strong position to benefit from—or at least not be harmed by—the addition of clean, renewable QFs to the company’s system are (1) the sheer size of PacifiCorp’s 10+ gigawatt system; (2) PacifiCorp’s participation in the CAISO Energy Imbalance Market; (3) and the recent updates to PacifiCorp’s avoided cost rates. As for the latter, PacifiCorp’s Motion indicates that it is seeking interim relief on a prospective basis. PacifiCorp’s most recent avoided

cost update went into effect on July 1, 2015. It is premature for the Commission to grant PacifiCorp's request for interim relief, particularly when the updated rates should have been designed to accurately project avoided costs and lower rates may significantly reduce the number of new requests for QF PPAs.

III. CONCLUSION

For the reasons stated above, the Commission should deny PacifiCorp's Motion.

RESPECTFULLY SUBMITTED this 17th day of July, 2015.

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