

BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of ALLIANCE OF WESTERN )  
ENERGY CONSUMERS, ) DOCKET NO. UM 2024  
)  
Investigation into Long-Term Direct Access ) CALPINE ENERGY SOLUTIONS, LLC’S  
Programs ) WORKSHOP COMMENTS  
)

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Calpine Energy Solutions, LLC (“Calpine Solutions”) hereby submits comments to the Public Utility Commission of Oregon (“Commission”) in response to the Commission’s Notice of Commission Workshop, issued on August 10, 2020.

**Resource Adequacy Framework**<sup>1</sup>

Calpine Solutions continues to support the Commission’s proactive effort to ensure resource adequacy (“RA”) and submits the following response to the specific questions posed.<sup>2</sup>

1. *Given the potential for duplication of efforts and inconsistency of conclusions with Northwest Power Pool’s (“NWPP”) development of an RA program, how should the Commission approach development of a framework to ensure Oregon direct access customers fairly contribute to resource adequacy?*
  - a. *What would a binding NWPP program require participants to do and when is the soonest it could be enacted?*

**Calpine Solutions’ Response:** Calpine Solutions understands that the NWPP RA program would require participants to demonstrate RA through capacity showings seven months in advance of the summer period and winter period, and it would impose penalties on participants who did not meet applicable requirements.<sup>3</sup> The NWPP RA program would be administered by an entity that is subject to regulation by the Federal Energy Regulatory

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<sup>1</sup> The Commission also invited comment on a proposed list of Investigation Objectives and Investigation Process. *See Workshop Notice*, at Attachment A, subparts III. & IV. At this time, Calpine Solutions reserves comment on the proposed list of Investigation Objectives or Investigation Process until after hearing the concerns and comments of other parties.

<sup>2</sup> *See Workshop Notice*, at Attachment A, subpart VII.

<sup>3</sup> *See Frank Afranji, Northwest Power Pool, NWPP Resource Adequacy Public Webinar*, at slides 9-11 (July 1, 2020), [https://www.nwpp.org/private-media/documents/2020.07.01\\_Final\\_Public\\_Webinar\\_Slides.pdf](https://www.nwpp.org/private-media/documents/2020.07.01_Final_Public_Webinar_Slides.pdf).

Commission (“FERC”), and it appears that the program is planned to be in place on an interim basis in the near term, with the fully binding program subsequently becoming effective upon FERC approval.<sup>4</sup> Given these timeframes, it may be duplicative for the OPUC to develop its own stand-alone RA program, but Calpine Solutions recognizes there may be a desire on the Commission’s part to develop interim mechanisms prior to finalization of the NWPP RA program.

- b. *What is the likelihood that NWPP program participation will be at the load-serving entity level, allowing Oregon’s electricity service suppliers (“ESSs”) to be direct participants? When will that be determined?*

**Calpine Solutions’ Response:** It appears to be uncertain whether the NWPP RA program will be implemented at the load serving entity (“LSE”) or the balancing authority (“BA”) level. Calpine Solutions recommends that the program be implemented at an LSE level, such that ESSs could elect to directly participate. If ESSs are barred from participation in the NWPP RA program, ESSs and their customers may be deprived of resource pooling and other benefits available to participants in the program.

- c. *Could fair ESS contribution to RA be achieved by (i) requiring ESSs to participate in the NWPP program (assuming participation is at the LSE level); or (ii) by placing procurement and reporting requirements on ESSs equivalent to those adopted for the NWPP program (assuming NWPP program participation is at the BA level)?*

**Calpine Solutions’ Response:** In general, Calpine Solutions supports a region-wide solution and applauds the NWPP efforts. Assuming that the NWPP RA program will allow direct participation by ESSs and be subject to FERC oversight to ensure non-discrimination by participating entities, Calpine Solutions supports the OPUC relying on it as the basis for the OPUC’s RA requirements.

As noted above, Calpine Solutions’ preference would be that the ESS be a direct participant in the NWPP RA program as that provides the ESS an equal competitive standing to the investor-owned utilities (“IOUs”) and allows the ESS to have standing to voice any concerns it may have with the program and its implementation to FERC. If the NWPP RA program does not allow ESSs to participate directly, the Commission could adopt equivalent requirements to be

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<sup>4</sup> *Id.*; see also NWPP Press Release, “Northwest Power Pool Launches Interim Resource Adequacy Program” (July 31, 2020), <https://www.nwpp.org/news/nwpp-launches-interim-resource-adequacy-program>.

imposed on ESSs by OPUC regulation. However, in that case, the ESS would likely be at a competitive disadvantage to the IOUs unless the Commission takes steps to ensure the benefits of the NWPP RA program (e.g., resource pooling, etc.) available to the IOUs are proportionately allocated to the ESSs on behalf of direct access customers.

- d. *If the above would not be sufficient to meet your definition of fair contribution to RA, what is missing? Are there specific requirements not being considered or that may potentially not be adopted in a NWPP program that the Commission would have to impose, in your view, to achieve fair ESS contribution to RA? If so, when should the Commission consider those?*

**Calpine Solutions' Response:** At this time, Calpine Solutions is not aware of additional requirements that would need to be imposed other than those under consideration by the NWPP.

2. *In Order No. 20-002, the Commission expressed a view that a decentralized RA procurement framework for ESSs is most consistent with direct access if it is coupled with a program design that achieves the obligation to sufficiently support and ensure reliability.<sup>5</sup>*

- a. *Should the Commission focus first in this proceeding on the specific design details necessary to make a decentralized procurement framework successful?*

**Calpine Solutions' Response:** If implemented at the LSE level, the NWPP RA program would be the type of decentralized program that meets the parameters of Order No. 20-002. On the other hand, if implemented at the BA level, the NWPP RA program would be a centralized model, and additional mechanisms would be needed to ensure the ESSs and their customers meet the obligations of, and obtain the benefits of, the regional RA program through their BA.

Given the state of uncertainty regarding current West-wide power supplies, Calpine Solutions would not oppose the Commission developing some elements of a centralized model in the near term on a temporary basis. For example, it may be prudent to develop an appropriate “back stop” RA charge to direct access customers to be imposed in the absence of the ESS making an RA showing.<sup>6</sup> The RA charge could be used in at least two potential circumstances: (i) if the NWPP RA program is not timely available, or (ii) if after the NWPP RA program is

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<sup>5</sup> *In the Matter of Portland General Electric Company Advice No.19-02 (ADV 919) New Load Direct Access Program, Docket No. UE 358, Order No. 20-002 at 8 (Jan 7 2020).*

<sup>6</sup> An appropriate amount of time will likely need to be afforded ESSs in order to make the specific procurement deemed necessary to evidence resource adequacy, as the new RA criteria may require development of a commercial product not currently available in the Northwest electricity market.

available, some customers may elect to meet the OPUC's RA requirement through payment of such charge to their BA as opposed to an RA showing to the NWPP or to the OPUC. However, the Commission should preserve the right for ESSs to participate at the LSE level in the NWPP program or undertake the necessary commercial procurement in order to make an RA showing to the Commission.

- b. *If not, how can the parties avoid developing a record that presents parties' arguments for and against a centralized/decentralized framework, but in which parties fail to adequately engage with the details of the non-preferred alternative?*

**Calpine Solutions' Response:** N/A.

3. *Given discussion of the above questions, can and should a RA framework phase be accelerated, with detailed development occurring during or simultaneously with the evidentiary stage proposed above?*

**Calpine Solutions' Response:** Calpine Solutions does not oppose accelerating the RA framework phase of this proceeding if the Commission deems that necessary.

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