

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of Public Utility Commission of)	DOCKET NO. UM 2143
Oregon: Investigation Into Resource)	
Adequacy in Oregon)	CALPINE ENERGY SOLUTIONS, LLC’S
)	COMMENTS ON STAFF’S AUGUST
)	11TH REVISED DRAFT RULES
)	

I. INTRODUCTION AND SUMMARY

Calpine Energy Solutions, LLC (“Calpine Solutions”) hereby submits its comments to the Public Utility Commission of Oregon (“OPUC” or “Commission”) on the Staff’s Revised Draft Rules circulated August 11, 2023 (hereafter, “Staff’s August 11th Revised Draft Rules”).

Calpine Solutions appreciates the opportunity to provide its feedback on Staff’s August 11th Revised Draft Rules. Calpine Solutions has previously provided comments and recommendations in response to prior straw proposals and draft rules and, except where expressly stated in these comments, Calpine Solutions stands by its previously stated positions and recommendations. These comments are intended to communicate whether or not certain elements of Staff’s Revised Draft Rules have resolved the concerns previously raised by Calpine Solutions and to provide comments on additional issues for which Staff requested additional feedback.

II. COMMENTS

A. RA Backstop Charge: The Commission’s Administrative Rules Should Provide the Option for a Resource Adequacy Backstop Charge for Direct Access Customers, Or At Least Provide Provisions and Guidance to Facilitate the Utilities’ Offer of Excess Capacity to Electricity Service Suppliers on a Timely, Prudent, and Nondiscriminatory Basis.

In previous comments, Calpine Solutions has consistently recommended the Commission at least retain the option in the rules of developing a Resource Adequacy (“RA”) Backstop Charge that direct access customers could elect to pay to the utility as an alternative compliance option to the electricity service supplier (“ESS”) offering RA. As previously explained, locking in rules that require compliance with the Western Resource Adequacy Program (“WRAP”)—or adopting the most problematic aspects of WRAP’s current requirements in the alternative State Program Requirements—as the only practical compliance option, and tying that compliance to an ESS’s certification to operate in Oregon’s direct access programs at all, is not a reasonable course of action at this time.

As another alternative, Calpine Solutions has also proposed that the Commission adopt, at a minimum, workable guidelines that the rules require the utilities to follow in offering resource adequacy capacity to ESSs with the goal of deterring utilities from refusing a reasonable offer by an ESS to buy the utility’s excess capacity and/or transmission. Specifically, in the last round of comments, Calpine Solutions recommended that the rules should at least require the public utility to issue an annual request for offers (“RFO”) from ESSs to buy the utility’s excess capacity that meets the WRAP’s definition of Qualifying Resources for use in WRAP’s Forward Showing (“FS”)¹ and/or transmission rights meeting the WRAP’s FS Transmission

¹ See WRAP Tariff, Definitions (“Qualifying Resources”); *id.* at Part II (FS Program Requirements).

Requirement.²

Staff's August 11th Revised Draft Rules declined to include this alternative RFO proposal, and Staff cites concerns that a state-level capacity sharing program may impact the regional program without materially improving the ability of ESSs to procure capacity, as well as costs to cost-of-service customers. Calpine Solutions submits that these concerns are misplaced, and the state-level RFO would serve an important purpose. Unlike WRAP, the state-level RFO would encourage the incumbent utility to sell any excess WRAP-compliant resources to its competitor ESSs if a reasonable price is offered by ESSs. The state-required RFO would improve the ESSs' ability to comply with its RA requirement because the incumbent utility is the most likely entity to control any excess WRAP-compliant generation and transmission deliverable to loads in its balancing authority but, without any encouragement from the Commission through a state-mandated RFO, the utility may choose to withhold such resources from ESSs making reasonable purchase offers. Additionally, the proposed RFO would occur prior to the WRAP Forward Showing and well prior to the sharing that might be required in the WRAP's Operations Program, and it would thus not interfere with the WRAP sharing processes. Cost-of-service customers would not be harmed because the RFO proposal does not require the utility to sell capacity to an ESS that makes a low offer. Indeed, selling excess resources to willing buyers benefits cost-of-service customers by reducing rates the utility charges such cost-of-service customers, and therefore the RFO requirement would likely *benefit* cost-of-service customers by ensuring that the utility does not unreasonably withhold the sale of excess WRAP-compliant generation and transmission from willing buyers serving load in the same balancing

² WRAP Tariff, § 16.3.

authority.

Calpine Solutions remains concerned that Staff's proposed draft rules have not adopted any of the reasonable alternative compliance options proposed and appear to, in effect, require WRAP-style RA compliance as the only option for ESSs in Oregon. In sum, Calpine Solutions stresses that its preference is that the Commission develop an RA Backstop Charge that direct access customers could pay, but if Staff remains disinclined to recommend development of such a rate, Calpine Solutions recommends at least providing guidance on expectations that utilities will not imprudently refuse to sell to ESSs any excess WRAP-compliant resources to ESSs. Calpine Solutions remains willing to work with Staff and other parties to resolve any valid refinements to its proposals and develop a workable set of criteria.

B. State Program Transmission Requirement: The August 11th Staff Revised Draft Rules' Edits to the State Program's Transmission Requirement Should be Further Clarified (Draft Rules § 5.i).

There are two items that still require clarification in the State Program's Transmission Requirement.

First, as Calpine Solutions previously recommended, the term "firm transmission rights" should be defined consistent with the WRAP, which defines firm as "NERC Priority 6 or NERC Priority 7 firm point-to-point transmission service or network integration transmission service."³ That edit would ensure that secondary network transmission may be used in the State Program, just as it may be used in the WRAP. Staff's August 11th Revised Draft Rules do not clarify this point, and Calpine Solutions again reiterates its importance.

Second, Staff's August 11th Revised Draft Rules appear to have attempted to incorporate

³ Calpine Solutions' Comments, Docket No. UM 2143, pp. 12-13 (July 21, 2023).

the WRAP’s limitation on the use of exceptions to the WRAP Forward Showing’s firm transmission requirement, but did so in a manner that makes the limitation more restrictive than the WRAP Tariff. Specifically, Staff’s August 11th Revised Draft Rules state:

5.i.v. A State Participant cannot use waiver condition (i)[, for enduring constraints,] or (ii)[, for future firm available transfer capability expected,] for the same portion of the transmission requirement in subsequent years.⁴

In contrast, the WRAP Tariff only precludes a participant from using the same exception on the same transmission path in two *consecutive* years. Specially, the WRAP Tariff provides that “if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year.”⁵ As Western Power Pool (“WPP”) explained in its Deficiency Response to FERC, “the limitation on seeking the exception applies only to the second year (and not all subsequent years).”⁶

Thus, to better align the State Program’s enduring constraints and firm ATC expected exceptions with those in the WRAP, Calpine Solutions recommends the following edit to Staff’s proposal:

5.i.v. A State Participant cannot use waiver condition (i)[, for enduring constraints,] or (ii)[, for future firm available transfer capability expected,] for the for the same path (or across the same constraint) for the following consecutive year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. ~~same portion of the transmission requirement in subsequent years.~~

⁴ Staff’s August 11th Revised Draft Rules, Docket No. UM 2143, § 5.i.v.

⁵ WRAP Tariff, § 16.3.2.1 (Enduring Constraints exception); *see also id.* at § 16.3.2.2 (Future Firm ATC Expected exception, containing substantively same language).

⁶ WPP’s Response to Deficiency Notice, FERC Docket No. ER22-2762, p. 15 (Dec. 12, 2022).

C. Additional Proposals Not Addressed: Staff’s August 11th Revised Draft Rules Have Not Addressed a Number of Calpine Solutions’ Prior Proposals.

Staff’s August 11th Revised Draft Rules have not adopted many of the seemingly uncontroversial proposed revisions that Calpine Solutions has made in this process. It is not clear why these revisions were not adopted. Rather than restate each of these proposals in full, they are listed below with reference to the location of the proposal in prior comments:

- **Regional Participation:** The Draft Rules should provide more details regarding the process for demonstrating compliance through participation in a Regional Program, including:
 - Clarify, consistent with Staff’s statements in the workshop, that a Regional Participant does not need to be a binding participant by any specific date to be exempt from the State Program in the interim before it becomes a binding participant in the Regional Program;⁷
 - Clarify the form and deadlines for any necessary filings with the Commission to demonstrate the LSE is a Regional Participant;⁸ and
 - Clarify whether and how an LSE may switch between being a being a Regional Participant and a State Participant, or vice versa.⁹
- **ESS Informational Filing’s Protective Treatment:** Section 4’s requirement that an ESS include with its Informational Filing a load forecast and transmission requirements over at least the next four years should be covered by the same strict protective order

⁷ Calpine Solutions’ Comments, Docket No. UM 2143, p. 8 (July 21, 2023).

⁸ Calpine Solutions’ Comments, Docket No. UM 2143, p. 8 (July 21, 2023).

⁹ Calpine Solutions’ Comments, Docket No. UM 2143, p. 8 (July 21, 2023).

provisions as the ESS’s emissions planning report rules in AR 641.¹⁰

- **State Program PRM and QCC:** Because non-participants in WRAP have no clear way to obtain the relevant planning reserve margin (“PRM”) and qualifying capacity contribution (“QCC”) values used in WRAP, as the currently proposed Section 5.d. appears to assume, the rules should state that Staff and/or the Commission will publish WRAP-based PRM and QCC values for use in the State Program and not update those values sooner than one year prior to the applicable forward showing in the State Program.¹¹
- **State Program’s Compliance Resources:** The rules should clarify, in Section 5, that as in the WRAP Tariff, State Participants are not bound to serve load with the exact same resources as those used in the forward showing if doing so no longer makes sense from an economic standpoint and load can be reliably served otherwise.¹²

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¹⁰ Calpine Solutions’ Comments, Docket No. UM 2143, pp. 9-10 (July 21, 2023); Calpine Solutions’ Comments, Docket No. UM 2143, pp. 11-12 (June 12, 2023).

¹¹ Calpine Solutions’ Comments, Docket No. UM 2143, pp. 11-12 (July 21, 2023).

¹² Calpine Solutions’ Comments, Docket No. UM 2143, p. 12 (July 21, 2023).