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October 3, 2012

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Public Utility Commission of Oregon  
550 Capitol Street NE, Ste 215  
Salem, OR 97301-2551

Attn: Filing Center

**RE: UM 1610 – Issues List**

PacifiCorp d/b/a Pacific Power encloses for filing a redline of the consensus issues list in the above-referenced docket. As indicated on the attached certificate of service, a copy of this filing is being served on all parties on the service list.

If you have questions about this filing, please contact Bryce Dalley, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

Sincerely,

William R. Griffith  
Vice President, Regulation

Enclosure

cc: Service List – UM 1610

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UM 1610

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON

Investigation into Qualifying Facility  
Contracting and Pricing

ISSUES LIST

1           In accordance with the Ruling issued by Chief Administrative Law Judge (ALJ)  
2 Michael Grant in this docket on August 24, 2012, PacifiCorp, d.b.a. Pacific Power  
3 (PacifiCorp or Company) respectfully submits the attached Issues List. On September 27,  
4 2012, the Public Utility Commission of Oregon (Commission) Staff (Staff) circulated a draft  
5 consensus issues list to the parties in this docket. As part of the issues list circulated, Staff  
6 requested that the parties file issues lists in the form of a redline/strikeout version of Staff's  
7 consensus list. Accordingly, the Company attaches a redline/strikeout hereto that reflects the  
8 Company's proposed Issues List.

9   **I.     Proposed Issues List**

10           The attached redline/strikeout of Staff's consensus list reflects two general clarifying  
11 comments and one objection. These are as follows:

12           1) The use of the term "standard" avoided cost as it used in Staff's draft issues list is  
13           confusing. In Staff's draft issues list, the term "standard" seems to be used to  
14           refer to the non-renewable avoided cost stream. However, the term "standard" is  
15           also commonly used to refer to the non-negotiated standard avoided cost price  
16           available to eligible Qualifying Facilities (QFs) that are 10 megawatts or less. For

1 clarity, the Company proposes simply removing the term “standard” from the  
2 issues list. The attached redline/strikeout Issues List reflects this change.

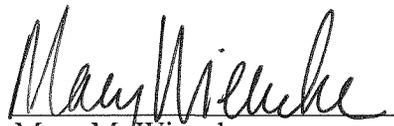
3 2) The Company proposes that an additional sub-issue be added to draft issue #6 –  
4 Contracting Issues. Namely, the Company proposes that issues associated with  
5 the process and requirements for modification of standard contracts be addressed.  
6 It is the Company’s understanding that this issue was proposed at the September  
7 19, 2012 workshop and that no party opposed the inclusion of this issue.

8 3) As noted by the Company in the September 19<sup>th</sup> workshop, it is more appropriate  
9 to address issues related to the interconnection process in a separate docket. This  
10 investigation is related to QF contracting and pricing and should be confined to  
11 those subjects – including issues related to the interconnection process has the  
12 potential of significantly expanding the scope of this docket and causing  
13 unnecessary delay. The interconnection process involves an entirely separate set  
14 of Company representatives – namely the transmission services department – than  
15 those that handle QF contracting and pricing. Further, due to Federal Energy  
16 Regulatory Commission functional separation requirements, these departments  
17 are allowed to interact on a limited basis. The interconnection process is  
18 appropriately discrete from the power purchase contracting process. Handling the  
19 interconnection process separately is also consistent with the Commission’s prior  
20 practice where interconnection rules were developed in a separate rulemaking  
21 docket from the docket that addressed QF contracting and pricing issues.

1 **II. Conclusion**

2 The Company respectfully requests that the Commission consider the foregoing as  
3 well as the attached Issues List in establishing the scope of this docket.

DATED: October 3, 2012

  
Mary M. Wiencke  
Legal Counsel, Pacific Power

Counsel for PacifiCorp

To: Parties and other persons interested in OPUC Docket UM 1610: “Investigation into Qualifying Facility Contracting and Pricing”

From: Adam Bless, OPUC Staff

Date: September 27, 2012

Subject: UM 1610 Consolidated Issue List

#### Background and Procedural History

On August 10, 2012, parties to docket UM 1610 held an issues identification workshop. On August 27, 2012, parties including Staff, Idaho Power, PacifiCorp, PGE, ICNU, CREA, Renewable Energy Coalition and ODOE filed initial issues lists. RNP and OSEA filed letters in support of other parties’ issues. Staff compiled the parties’ issues into one master list and circulated that compilation to the parties on September 12, 2012.

On September 19, 2012 the parties held a second issues workshop. Some of the issues were consolidated or clarified, and a few were eliminated. Attached is Staff’s proposed issues list, based on the discussion at the September 19<sup>th</sup> workshop. Staff has attempted to further consolidate the issues agreed to at the workshop to facilitate the Commission’s review of the issues. By further consolidating the issues proposed by parties, Staff does not intend to eliminate any issue that is important to any party. Instead, Staff attempted to draft an issues list that is sufficiently broad to subsume the issues in the draft issues lists that were circulated by parties and discussed at the workshop on September 19, 2012.

#### Procedural Schedule Looking Ahead

As set forth in the ALJ’s August 24, 2012 procedural ruling, Staff shall file with the Hearings Division its consolidated issues list by October 3<sup>rd</sup>, 2012. Parties shall file, by October 3<sup>rd</sup>, proposed issues that were not agreed to by all parties. Parties shall respond by October 10<sup>th</sup> regarding “disputed” issues. It is Staff’s understanding that no party “objects” to the inclusion of any particular issue. Accordingly, Staff anticipates that to the extent a party makes a filing on October 3 or October 10, it would be to clarify that a particular issue that is not expressly set forth below is presented in this proceeding.

#### Request to All Parties Regarding their October 3<sup>rd</sup> filing

Although this list is due for filing on October 3<sup>rd</sup>, we are circulating it to the parties today to give parties time to prepare their own October 3<sup>rd</sup> filing of “disputed” issues.

To give the ALJ a consistent looking set of filings and facilitate the process, we suggest that parties format their October 3<sup>rd</sup> filing in the form of a redline/strikeout version of the staff list below.

I. Standard-Avoided Cost Price Calculation

- A. What is the most appropriate methodology for calculating avoided cost prices?
  - a. Should the Commission retain the current method based on the cost of the next avoidable resource identified in the company's current IRP, allow an "IRP" method based on computerized grid modeling, or some other method?
  - b. Should the methodology be the same for all three electric utilities operating in Oregon?
- B. Should QFs have the option to elect ~~standard or renewable~~ avoided cost prices that are levelized or partially levelized?
- C. Should QFs seeking renewal of a standard contract during a utility's sufficiency period be given an option to receive an avoided cost price for energy delivered during the sufficiency period that is different than the market price?
- D. Should the Commission eliminate unused pricing options?<sup>1</sup>

II. Renewable Avoided Cost Price Calculation

- A. Should there be different avoided cost prices for different renewable generation sources? (e.g. different avoided cost prices for intermittent vs. base load renewables; different avoided cost prices for different technologies, such as solar, wind, geothermal, hydro, and biomass)
- B. How should environmental attributes be defined for purposes of PURPA transactions?<sup>2</sup>
- C. Should the Commission revise OAR 860-022-0075, which specifies that the non-energy attributes of energy generated by the QF remain with the QF unless different treatment is specified by contract?

III. Schedule for Avoided Cost Price Updates

- A. Should the Commission revise the current schedule of updates at least every two years and within 30 days of each IRP acknowledgement?
- B. Should the Commission specify criteria to determine whether and when mid-cycle updates are appropriate?
- C. Should the Commission specify what factors can be updated in mid-cycle (e.g. factors including but not limited to gas price or status of production tax credit)
- D. To what extent (if any) can data from IRPs that are in late stages of review and whose acknowledgement is pending be factored into the calculation of avoided cost prices?
- E. Are there circumstances under which the Renewable Portfolio Implementation Plan should be used in lieu of the acknowledged IRP for purposes of determining renewable resource sufficiency?

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<sup>1</sup> Parties at the September 19<sup>th</sup> workshop identified this issue as one that can likely be settled.

<sup>2</sup> Parties at the September 19<sup>th</sup> workshop identified this issue as one that can likely be settled.

IV. Price Adjustments for Specific QF Characteristics

- A. Should the costs associated with integration of intermittent resources (both avoided and incurred) be included in the calculation of avoided cost prices or otherwise be accounted for in the standard contract? If so, what is the appropriate methodology?
- B. Should the costs or benefits associated with third party transmission be included in the calculation of avoided cost prices or otherwise accounted for in the standard contract?
- C. How should the seven factors of 18 CFR 292.304(e)(2) be taken into account?<sup>3</sup>

V. Eligibility Issues<sup>4</sup>

- A. Should the Commission change the 10 MW cap for the standard contract?
- B. What should be the criteria to determine whether a QF is a “single QF” for purposes of eligibility for the standard contract?
- C. Should the resource technology affect the size of the cap for the standard contract cap or the criteria for determining whether a QF is a “single QF”?
- D. Can a QF receive Oregon’s Renewable avoided cost price if the QF owner will sell the RECs in another state?

VI. Contracting Issues

- A. Should the standard contracting process, steps and timelines be revised? (Possible revisions include but are not limited to: when an existing QF can enter into a new PPA and the inclusion of conditions precedent to the PPA including conditions requiring a specific interconnection agreement status.)
- B. Should the current standard form contract terms and conditions be revised and what is the process and requirements for future modifications of the standard form contracts terms and conditions?
- C. What terms should address security and liquidated damages?
- D. May utilities curtail QF generation based on reliability and operational considerations, as described at 18 CFR 292.304(f)(1)? If so, when?
- E. What is the appropriate contract term? What is the appropriate duration for the fixed price portion of the contract?
- F. When is there a legally enforceable obligation?

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<sup>3</sup> The seven factors are (i) ability of the utility to dispatch the QF; (ii) reliability of the QF; (iii) terms of the contract or legally enforceable obligation, termination notice requirement and sanctions for non-compliance; (iv) extent to which scheduled outages of the QF can be usefully coordinated with those of the utility’s facilities; (v) usefulness of energy and capacity from the QF during system emergencies including its ability to separate its load from its generation; (vi) individual and aggregate value of energy and capacity from QFs on the utility system and (vii) smaller capacity increments and shorter lead times available with additions of capacity from QFs.

<sup>4</sup> Regarding the issue of ETO funding of QFs, ALJ Grant’s letter to Margie Harris of September 13, 2012 includes the Commission’s direction to staff to continue working with the ETO on incentive policies.

- G. Should off-system QFs be entitled to deliver under any form of firm point to point transmission that the third party transmission provider offers? If not, what type of method of delivery is required or permissible? How does method of delivery affect pricing?
- H. What is the maximum time allowed between contract execution and power delivery?
- I. How should contracts address mechanical availability?
- J. Should QFs <10 MW have access to the same dispute resolution process as those > 10 MW?

VII. ~~Interconnection Process~~

- ~~A. Should there be changes to the interconnection rules, policies or practices to facilitate the timely execution of PPAs under PURPA and a more expeditious process for constructing a QF and bringing it on line?~~
- ~~B. Should the interconnection process allow, at QFs request or upon certain conditions, third party contractors to perform certain functions in the interconnection review process that are currently performed by the utility?~~

## CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document, in Docket UM 1610, on the date indicated below by email and/or US Mail, addressed to said parties at his or her last-known address(es) indicated below.

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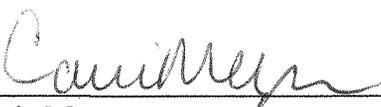
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DATED: October 3, 2012

  
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