

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER THE PUBLIC UTILITY) COMMISSION OF OREGON)	UM 1610
Investigation Into Qualifying Facility) Contracting and Pricing)	SUPPLEMENTAL ISSUES LIST OF RENEWABLE NORTHWEST PROJECT

Pursuant to the procedural schedule in this docket, Renewable Northwest Project (“RNP”) respectfully submits this Supplemental Issues List to the Public Utility Commission of Oregon (“Commission” or “OPUC”).

BACKGROUND

In accordance with the procedural schedule adopted by Administrative Law Judge Grant, the parties to this proceeding participated in an issues identification workshop on August 10, 2012 and filed initial issues lists on August 27, 2012. OPUC Staff compiled the parties’ issues into one list and circulated the combined list to the parties in preparation for a second issues workshop. At that second workshop held on September 19, 2012, the parties worked on clarifying, consolidating and eliminating issues. Following that workshop, on September 27, 2012, Staff circulated a revised issues list that further consolidated the issues proposed by the parties. Staff noted that it did not intend to eliminate any issue that was important to a party, and suggested that parties file any clarifications to Staff’s issues list in redline/strikeout version. RNP wishes to clarify an issue that appears to have been consolidated. Accordingly, RNP’s Supplemental Issues List is attached in redline/strikeout format.

DISCUSSION OF SUPPLEMENTAL ISSUE

RNP's supplemental issue addresses the establishment of a separate solar avoided cost rate pursuant to Oregon's Minimum Solar Energy Capacity Standard. RNP raised this issue at the initial issues workshop on August 10, 2012, and again at the September 19, 2012 workshop. RNP, together with Oregon Solar Energy Industries Association, also submitted a letter that both supported CREA's proposed issues list and raised this single separate issue.

In the Staff issue list discussed at the September 19, 2012, workshop, this issue was listed separately. RNP explained at the workshop that there was a distinction between this issue and those raised by other parties relative to different avoided costs for different renewable resources. It may be that Staff intended to consolidate this issue with all others related to different avoided costs for different renewable resources in its final issues list, by incorporating it into Issue II.A. However, RNP is not certain and wishes to ensure that this distinct issue can be taken up in the docket, either expressly within Issue II.A or as a separate, standalone issue.

It would be reasonable to treat this as a separate issue because there is a separate legal justification for a resource-specific avoided cost rate for solar energy qualifying facilities—the mandatory purchase requirement contained in ORS 757.370. This makes the issue theoretically distinct from Issue II.A. in Staff's issues list, which could arguably be read to encompass only whether there should be separate avoided cost rates for different QFs based on their individual resource characteristics. Because of the mandatory purchase requirement in ORS 757.370, RNP believes that the Commission may consider whether to direct utilities to adopt avoided cost rates that use the next avoidable solar energy resource as the proxy during deficiency periods.

Accordingly, RNP proposes the following supplemental issue:

Should there be a special avoided cost rate based on the mandatory purchase obligation in ORS 757.370 (the Minimum Solar Energy Capacity Standard)?

Alternatively, RNP requests that the ALJ clarify that this issue is permitted be raised under Staff's Issue II.A.

RNP is not aware of any other docket in which the Commission is addressing this issue. RNP believes that this is the proper docket in which to address it, and that doing so now is important in order to consider an avoided cost rate for solar energy resources that is based on the utilities' solar-specific purchase obligation.

CONCLUSION

RNP respectfully requests that its supplemental issue be included for investigation in this proceeding. RNP also supports inclusion of the supplemental issue proposed by Community Renewable Energy Association.

RESPECTFULLY SUBMITTED this 3rd day of October, 2012.

RENEWABLE NORTHWEST PROJECT

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ATTACHMENT 1

RNP'S SUPPLEMENTAL ISSUES LIST

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?¹

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. [Should there be a separate avoided cost rate based on the mandatory purchase obligation in ORS 757.370 \(the Minimum Solar Energy Capacity Standard\)?](#)
- C. How should environmental attributes be defined for purposes of PURPA transactions?²
- D. 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)

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

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- 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?

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?³

V. Eligibility Issues⁴

- 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. What terms should address security and liquidated damages?

³ 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.

⁴ 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.

- C. May utilities curtail QF generation based on reliability and operational considerations, as described at 18 CFR 292.304(f)(1)? If so, when?
- D. What is the appropriate contract term? What is the appropriate duration for the fixed price portion of the contract?
- E. When is there a legally enforceable obligation?
- F. 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?
- G. What is the maximum time allowed between contract execution and power delivery?
- H. How should contracts address mechanical availability?
- I. 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 on the 3rd day of October, 2012, a true and correct copy of the within and foregoing **SUPPLEMENTAL ISSUES LIST** was served by email to:

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