

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1610**

In the Matter of	)	RENEWABLE ENERGY COALITION
	)	MOTION FOR EXTENSION OF TIME
PUBLIC UTILITY COMMISSION OF	)	
OREGON	)	PHASE II
	)	
Investigation Into Qualifying Facility	)	EXPEDITED CONSIDERATION
Contracting and Pricing.	)	REQUESTED
_____	)	

**I. INTRODUCTION**

Pursuant to OAR §§ 860-001-0390(2)(b) and 860-001-0420(1), the Renewable Energy Coalition (“REC”) moves the Administrative Law Judges (“ALJ”) to grant a two-week extension of time to file responsive testimony in the above captioned proceeding. Specifically, REC requests that responsive testimony be due on July 24, 2015 instead of July 10, 2015. REC is requesting this extension of time to allow the parties to re-consider the schedule, scope, and issues in this proceeding in light of recent Public Utility Regulatory Policies Act (“PURPA”) filings before the Oregon Public Utility Commission, and the press of business in other proceedings. REC is not requesting that the other scheduled dates be revised at this time, but recognizes that the parties will need to revisit the remaining schedule.

REC asked for the position of the active parties that have recently submitted testimony in this proceeding regarding an extension of time. The Commission Staff, the Community Renewable Energy Association (“CREA”), Gardner Capital Solar Development, Idaho Power Company, Obsidian, OneEnergy, the Oregon Department of Energy, PacifiCorp, Portland General Electric Company (“PGE”), and the Small

Business Utility Advocates either support or do not oppose an extension of time. These parties are not taking a position at this time on whether the scope and issues in this proceeding should be revised.

REC requests expedited consideration of this motion given that responsive testimony is currently due on July 10, 2015.

## **II. BACKGROUND**

On March 26, 2015, ALJs Pines and Kirkpatrick issued a memorandum and adopted an issues list in Phase II of this proceeding. Subsequently, on April 24, 2015, Idaho Power filed a motion to stay its obligations under PURPA or other interim relief, including a reduction in the contract term and size threshold for solar and wind QFs, a change in its resource sufficiency period, and approval of solar integration charges. The active parties in UM 1610 agreed that Idaho Power could file its request (without agreeing to its merits), the filing was docketed as UM 1725, and a schedule to address the filing has been adopted. The Oregon Public Utility Commission rejected Idaho Power's request to stay its PURPA obligations and its specific interim relief, but temporarily reduced the size threshold for solar QFs to 3 megawatts ("MWs").

The Commission also stated that it believed that it is time to address solar integration charges, and directed the parties to address in the level of solar integration charges to incorporate into avoided cost rates in UM 1610. The parties and ALJs in UM 1610 have not discussed how solar integration issues should be addressed.

On May 21, 2015, PacifiCorp filed an application to reduce the contract term to three years for all QFs, and reduce the size threshold for solar and wind QFs. PacifiCorp's application has been docketed as UM 1734. On June 1, 2015, REC and

CREA filed a motion to dismiss PacifiCorp's application and requested expedited consideration. The motion to dismiss has not yet been ruled upon. PGE has not filed a similar request to lower the size threshold or contract term, but may do so in the near future, especially if PacifiCorp's application is not dismissed. REC delayed completion of its response testimony in UM 1610 due the uncertainty related to whether the requests to reduce the size threshold and contract term would proceed.

### **III. MOTION FOR EXTENSION OF TIME**

REC requests that the schedule to file responsive testimony be moved two weeks from July 10, 2015 to July 24, 2015 to allow the parties reconsider the scope and timing of issues in this proceeding. If PacifiCorp's application to reduce the contract term and size threshold is allowed to proceed, then REC believes that the schedule, and scope of issues in this proceeding should be re-evaluated. The schedule in UM 1610 may also need to be revised to address solar integration charges. Even if the schedule and scope of issues in UM 1610 is not changed, then REC still needs additional time to complete its responsive testimony because of the press of business and uncertainty related to whether the Commission would dismiss PacifiCorp's application.

Granting PacifiCorp's request to shorten the contract term to three years, and to lower the size threshold to 100 kW for wind and solar QFs to obtain standard contracts would warrant a change in the issues list and schedule in UM 1610. There would be no need to address a number of issues in UM 1610, if there were only three-year contract terms. For example, PacifiCorp, Idaho Power, and PGE all are proposing long resource sufficiency periods in their integrated resource plans. Under two or three year contract terms, there would only be resource sufficiency prices based on market purchases and no

resource deficiency prices based on the acquisition of a thermal or wind generation resource. A number of issues in UM 1610 are only relevant if QFs are eligible to enter into long-term contracts that include resource deficiency rates. These include:

- Who owns the Green Tags during the last five years of a 20-year fixed price PPA during which prices paid to the QF are at market?
- Should avoided transmission costs for non-renewable and renewable proxy resources be included in the calculation of avoided cost prices?
- Should the capacity contribution calculation for the standard non-renewable avoided cost prices be modified to mirror any change to the solar capacity contribution calculation used to calculate the standard renewable avoided cost price?
- Should the Commission revise the methodology approved in Order No. 14-058 for determining the capacity contribution adder for solar QFs selecting standard renewable avoided cost prices? If so, how?

The issue of who owns the Green Tags during the last five years of a 20-year fixed price purchase power agreement is irrelevant if there are two or three year contract terms. Similarly, the capacity contribution of resources or the inclusion of transmission costs during the resource deficiency period has no impact if there will not be any deficiency rates. The Commission and the parties in this proceeding should not spend considerable time and resources addressing issues that may only become academic.

Other issues in Phase II of UM 1610 may become less important if there are short contract terms. Currently, avoided cost rates are based on inputs and assumptions that are drawn from the utilities' integrated resource plans, gas and market price forecasts, methodologies approved by the Commission, and other factors. Most of the controversial inputs and assumptions impact resource deficiency rates, including the demarcation of resource sufficiency and deficiency, the capacity value for wind and solar QFs, cost assumptions for wind and thermal proxy resources, and production and other tax credits.

All of these issues become moot if there are three-year contract terms with no resource deficiency rates. The answer to the question of the appropriate forum to address the inputs and assumptions may be different if there are only a couple rather than a dozen potential disputed issues.

The legally enforceable obligation issue may also be impacted by a reduced contract term. It may be less important for QFs to have the ability to secure current avoided cost rates, if there are only three-year contract terms with avoided cost rates that change on at least an annual basis. Conversely, all the current steps and obstacles for forming a legally enforceable obligation may not be appropriate if there are at least annual rate changes and very short contracts. Regardless, the analysis of what steps must be taken to obtain a legally enforceable obligation will be different if contract lengths are limited to three years.

Other issues in Phase II become critical to the survival of QFs in a world without meaningful contract terms and tiny size thresholds for standard rates. These include: 1) whether the market prices used during the resource sufficiency period sufficiently compensate for capacity; and 2) what is the most appropriate methodology for calculating non-standard avoided cost prices. The issue of the calculation of resource sufficiency prices becomes far more important, if QFs are no longer entitled to resource deficiency prices. Wind and solar QFs have traditionally been able to size their individual projects at 10 MWs and have not been as interested in how non-standard avoided cost prices are calculated. Wind and solar QFs may become more concerned and want to address this issue if they are not able to obtain standard contracts if they are above 100 kW. In

summary, the analysis of nearly all the issues in UM 1610 would be different if there are short contract terms and low size thresholds for wind and solar.

#### IV. CONCLUSION

REC moves the ALJs to move the date for responsive testimony from July 10, 2015 to July 24, 2015 to allow the parties time to reconsider the schedule, scope, and issues in Phase II of this proceeding. The parties should not be required to submit testimony later this week on issues that may become irrelevant if contract terms and size thresholds are reduced. In addition, due to the press of business in this and other proceedings, REC requests an additional time to complete testimony its responsive testimony in the event that the schedule, scope and issues in Phase II of UM 1610 are not revised.

Dated this 6th day of July 2015.

Respectfully submitted,

A handwritten signature in cursive script that reads "Irion Sanger". The signature is written in black ink and is positioned above the typed name and contact information.

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