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July 9, 2015

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166

Attn: Filing Center

RE: Docket UM 1734—Motion for Interim Relief

PacifiCorp d/b/a Pacific Power encloses for filing in the above-referenced docket its Motion for Interim Relief.

If you have any questions, please contact Erin Apperson, Manager, Regulatory Affairs, at (503) 813-6642.

Sincerely,

A handwritten signature in cursive script that reads "R. Bryce Dalley/um".

R. Bryce Dalley
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1734

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application to Reduce the Qualifying Facility
Contract Term and Lower the Qualifying
Facility Standard Contract Eligibility Cap.

**PACIFICORP’S MOTION FOR
INTERIM RELIEF**

I. INTRODUCTION

Under OAR 860-001-0420, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully asks the Public Utility Commission of Oregon (Commission) to issue an order reducing the eligibility threshold for standard qualifying facility (QF) power purchase agreements (PPAs) from 10 MW to 3 MW on an interim basis pending final resolution of PacifiCorp’s request for permanent reductions to the eligibility threshold and fixed-price term.

On June 23, 2015, the Commission adopted an interim 3 MW standard contract eligibility threshold for Idaho Power pending the Commission’s investigation into Idaho Power’s application for permanent adjustments to the eligibility threshold and fixed-price term.¹ Like Idaho Power, PacifiCorp has experienced an unprecedented increase in requests for long-term PPAs at fixed-prices that exceed PacifiCorp’s actual avoided costs. Similar interim relief for PacifiCorp is necessary to protect PacifiCorp’s customers and prevent QF developers from exploiting different eligibility thresholds by shifting new projects onto PacifiCorp’s system. PacifiCorp requests that the Commission grant the proposed interim relief on a prospective basis.

¹ Order No. 15-199, Docket No. UM 1725 (June 23, 2015).

II. ARGUMENT

A. **Interim relief is necessary to maintain uniform contracting standards among utilities**

Lowering the standard contract eligibility threshold for PacifiCorp to 3 MW on an interim basis is consistent with the Commission’s policy favoring uniform QF contracting standards. In Order No. 14-058, the Commission ruled that “all three utilities [should] be subject to the same standard contract [eligibility thresholds].”² The Commission’s policy is consistent with the legislature’s instruction that the Commission “[c]reate a settled and uniform institutional climate for [QFs] in Oregon.”³

Adopting a 3 MW eligibility threshold for Idaho Power while maintaining the 10 MW threshold for PacifiCorp will encourage QF developers to engage in geographic arbitrage. Rather than developing projects based on considerations of price, location, and need, QF development would be driven in large part by determining which utility is subject to the most favorable contracting obligations. Now that Idaho Power’s eligibility threshold has been reduced to 3 MW (even on an interim basis), there can be little doubt that QF development will shift to PacifiCorp’s system while the request for permanent adjustments to the threshold and fixed-price term are considered in this docket. This result can be avoided by temporarily creating uniform 3 MW eligibility thresholds while Idaho Power’s and PacifiCorp’s applications are considered.⁴

² Order No. 14-058 at 7-8, Docket No. UM 1610 (Feb. 24, 2014).

³ ORS 758.515(3)(b).

⁴ When the Commission denied the Renewable Energy Coalition’s and Community Renewable Energy Association’s motion to dismiss PacifiCorp’s application, the Commission ruled that Idaho Power’s and PacifiCorp’s dockets should “proceed roughly in parallel.” Docket No. UM 1734, Order No. 15-209 at 4 (July 7, 2015).

B. Interim relief is supported by Order No. 15-199

The Commission’s rationale for temporarily reducing Idaho Power’s eligibility threshold applies with equal force to PacifiCorp. In Order No. 15-199, the Commission recognized the risk posed by the “extreme expansion of QF growth.”⁵ The Commission ruled that, “without some form of interim relief,” Idaho Power would be forced to “enter into substantial long-term contracts that exceed the company’s actual avoided costs.”⁶ Accordingly, the Commission concluded that lowering the eligibility threshold to 3 MW was “narrow, targeted, and proportionate” relief that would “prevent harm to Idaho Power’s ratepayers.”⁷

Similarly to Idaho Power’s application, PacifiCorp’s application evinces the “extreme expansion of QF growth” on its system. Between the issuance of Order No. 14-058 and May 1, 2015, PacifiCorp executed 104 MW of new Oregon QF PPAs. As of May 1, 2015, the Company had 338 MW of executed QF PPAs in Oregon and another 587 MW in active requests for Oregon QF PPAs.⁸ Since May 1, the Company has executed an additional 152 MW of Oregon Schedule 37 QF PPAs. The Company now has 490 MW of executed QF PPAs and 435 MW of active requests. The total of 925 MW of existing and proposed PURPA contracts in Oregon at their nameplate capacity would be enough to supply 56 percent of the Company’s average Oregon retail load and 90 percent of the Company’s minimum Oregon retail load. Like Idaho Power, PacifiCorp will be forced to “enter into substantial long-term contracts that exceed the [Company’s] actual avoided costs” without some form of interim relief. Reducing the eligibility threshold from 10 MW to 3 MW for

⁵ Order No. 15-199 at 6.

⁶ *Id.*

⁷ *Id.* at 7.

⁸ See PacifiCorp’s May 21, 2015 Application at 1-2.

PacifiCorp is “narrow, targeted, and proportionate” relief that will help protect PacifiCorp’s customers.


Finally, PacifiCorp’s proposed interim relief will not prejudice QF developers. As the Commission noted in Order No. 15-199, developers with projects exceeding the 3 MW threshold will still be able to negotiate non-standard contracts under PacifiCorp’s Schedule 38.⁹

III. CONCLUSION

To protect its retail customers, PacifiCorp respectfully asks the Commission to temporarily reduce the standard QF PPA eligibility threshold from 10 MW to 3 MW while PacifiCorp’s request for permanent relief is considered in this docket. PacifiCorp requests that the Commission grant the proposed interim relief on a prospective basis.

Respectfully submitted this 9th day of July, 2015.

By: _____


Dustin Till
Senior Counsel
PacifiCorp d/b/a Pacific Power

⁹ *Id.* (“The effect of this relief is that projects greater than 3 MW in size will fall under our large QF policies, where contracts are negotiated between the developer and the utility pursuant to Commission-approved guidelines set forth in Idaho Power’s Schedule 85.”)