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August 9, 2019

***VIA ELECTRONIC FILING***

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

Attn: Filing Center

**RE: UM 1610—PacifiCorp's Amended Application for Approval of Compliance Filing and Response to the Opposition of REC/CREA**

PacifiCorp d/b/a Pacific Power encloses for filing its Amended Application for Approval of Compliance Filing in the above-referenced docket. The enclosed filing also responds to the Objection jointly filed on July 29, 2019, by Renewable Energy Coalition and Community Renewable Energy Association.

If you have questions about this filing, please contact Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

Etta Lockey  
Vice President, Regulation

Enclosures

**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.

**PACIFICORP’S AMENDED  
APPLICATION FOR APPROVAL OF  
COMPLIANCE FILING AND  
RESPONSE TO THE OBJECTION OF  
RENEWABLE ENERGY COALITION  
AND COMMUNITY RENEWABLE  
ENERGY ASSOCAITION**

**I. INTRODUCTION**

In Order No. 19-172, the Public Utility Commission of Oregon (Commission) directed PacifiCorp to file “revised standard contract forms” that include two methods of allocating costs to qualified facilities (QFs) sited in load pockets that require incremental third-party transmission service: (1) the direct pass-through of actual costs for incremental third-party transmission;<sup>1</sup> and (2) “the procurement of long-term, firm, point-to-point transmission from a third-party transmission provider,” obtained in five-year increments.<sup>2</sup> To facilitate the latter option, the Commission directed that PacifiCorp also submit a third-party transmission cost forecasting methodology, “based on the transmission provider’s published rate at the time a legally enforceable option is formed and for the QF’s location.”<sup>3</sup>

Consistent with the Commission’s order, on July 12, 2019, PacifiCorp submitted revised Standard and Non-Standard Avoided Cost Rate schedules that incorporated the above two options for QFs to reimburse PacifiCorp for incremental third-party transmission costs, and filed

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<sup>1</sup> *In the Matter of Pub. Util. Comm’n of Or. Investigation into Qualifying Facility Contracting and Pricing*, Docket UM 1610, Order No. 19-172 at 10 (May 13, 2019).

<sup>2</sup> Order No. 19-172 at 11.

<sup>3</sup> Order No. 19-172 at 11.

a corresponding power purchase agreement (PPA) exhibit to be included in both Standard and Non-Standard QF PPAs. Subsequently, PacifiCorp identified several minor issues in its compliance filing, which PacifiCorp has addressed in the accompanying revised Standard and Non-Standard Avoided Cost Rate schedules (included as Attachment A) and corresponding PPA exhibit (included as Attachment B). The company is also providing a revised illustrative calculation (included as Appendix A).

In addition to detailing the corrections provided in this revised filing, PacifiCorp responds to the objections filed by the Renewable Energy Coalition and the Community Renewable Energy Association (Joint QFs) on July 26, 2019.<sup>4</sup> The Joint QFs ask the Commission to reject or revise PacifiCorp's filing on the basis that it fails "to fully comply with the requirements of Order No. 19-172."<sup>5</sup> While PacifiCorp has either already addressed or is willing to accept a number of the Joint QFs' requests, many of the Joint QFs' demands constitute belated requests for reconsideration of Order No. 19-172, rather than genuine disputes concerning the adequacy of PacifiCorp's compliance with the Commission's order. To the extent that the Joint QFs seek to re-litigate issues that were already decided, or propose additional requirements, those requests are inappropriate during the compliance phase of this case.

PacifiCorp respectfully requests that the Commission: (1) approve the accompanying revised attachments as consistent with Order No. 19-172; and (2) reject the Joint QFs' attempts to change the content of the Commission's order.

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<sup>4</sup> *In the Matter of Pub. Util. Comm'n of Or. Investigation into Qualifying Facility Contracting and Pricing*, Docket UM 1610, Objection to PacifiCorp's Compliance Filing of the Community Renewable Energy Assoc. and the Renewable Energy Coalition (July 26, 2019) ("Joint QF Objection").

<sup>5</sup> Joint QF Objection at 2.

## II. RESPONSE TO JOINT QF OBJECTIONS

### A. PacifiCorp's compliance filing is reasonable in scope and applies to only those QFs that require incremental third-party transmission to wheel the QF power out of a load pocket.

The Joint QFs' objections rest on an apparent misunderstanding of the fundamental issue in this case—a misunderstanding that then misinforms several of the Joint QFs' recommended modifications to PacifiCorp's compliance filing. The Joint QFs claim that PacifiCorp misrepresented the scope of the new load-pocket policy by stating that incremental third-party transmission will only be required in limited circumstances, while also acknowledging that all Oregon QFs are located in load pockets within PacifiCorp's service territory.<sup>6</sup> The Joint QFs overlook the distinction between the existence of a load pocket and the need to obtain incremental third-party transmission. Every QF in Oregon is located within load pockets, but that does not mean that every QF will require incremental third-party transmission to wheel the QF power out of the load pocket (that is, a QF's output may not exceed local load). PacifiCorp's representations have been entirely consistent: where a QF is located in a load pocket, PacifiCorp will need to assess whether incremental third-party transmission is required. However, PacifiCorp also continues to believe that the results of this assessment will rarely result in a need to obtain incremental third-party transmission. The compliance filing appropriately reflects the scope of the issue by ensuring that there is a process in place to assess whether incremental third-party transmission is required and, if it is required, to pass the associated costs on to the QF.

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<sup>6</sup> Joint QF Objection at 3, 4 n.1.

**B. PacifiCorp correctly provided a methodology for forecasting incremental third-party transmission costs rather than a pre-calculated rate.**

In Order No. 19-172, the Commission directed PacifiCorp to publish and “make available” to QFs the *methodology* for calculating a five-year, forecasted incremental third-party transmission cost.<sup>7</sup> PacifiCorp’s compliance filing provides an example showing the *methodology* that will be used to calculate the forecasted transmission costs applicable when incremental third-party transmission is required. The Joint QFs oppose PacifiCorp’s approach and instead ask the Commission to order PacifiCorp “to publish the standard capacity charge (\$/kW-month) and ancillary service charges for the main transmission providers in its rate schedule for approval each time PacifiCorp’s avoided costs are approved.”<sup>8</sup>

The Joint QFs object to the substance of the Commission’s order, not to the adequacy of PacifiCorp’s compliance filing. In fact, in its briefing, the Joint QFs made a substantively identical request that the Commission direct PacifiCorp to provide a “rate (\$/MWh) of fixed price reduction for each MW of BPA long-term firm point-to-point transmission capacity for different QF resource types.”<sup>9</sup> The Commission rejected the Joint QFs’ recommendation and instead directed PacifiCorp “to propose a methodology,” not a uniform and pre-calculated rate.<sup>10</sup> The Joint QFs did not request reconsideration of this point and the time to do so has now passed.<sup>11</sup> PacifiCorp’s proposed formula is sufficiently detailed to eliminate uncertainty and

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<sup>7</sup> Order No. 19-172 at 12 (emphasis added).

<sup>8</sup> Joint QF Objection at 5.

<sup>9</sup> Order No. 19-172 at 9 (“The Joint QFs first request that any fixed-price reduction for incremental third-party transmission costs be published and made available with PacifiCorp’s avoided cost rate schedule, thereby making it subject to review and challenge along with other avoided costs rate components. As PacifiCorp indicates that BPA is likely to be the third-party transmission provider out of a load pocket, the Commission should approve a rate (\$/MWh) of fixed price reduction for each MW of BPA long-term firm point-to-point transmission capacity for different QF resource types.”).

<sup>10</sup> Order No. 19-172 at 11.

<sup>11</sup> See OAR 860-001-0720 (requiring a request for rehearing or reconsideration to be filed within 60 days of a Commission order).

allows for the establishment of a fixed price, without unnecessarily increasing the risk associated with long-term transmission cost forecasts. PacifiCorp’s proposed methodology, as revised, complies with the Commission’s order and should be approved.

**C. PacifiCorp revised its compliance filing so that the start date for the five-year fixed transmission cost forecast begins with commercial operations.**

The Joint QF’s request that PacifiCorp be required to amend its filing so that the five-year period for third-party transmission costs will begin on “the date power deliveries commence,” rather than the effective date of the PPA.<sup>12</sup> PacifiCorp has revised its proposed PPA exhibit to state that long-term, firm, point-to-point transmission service will be procured to begin on a QF’s scheduled initial delivery date, as opposed to the PPA’s effective date.

**D. PacifiCorp’s revised compliance filing applies incremental third-party transmission costs to only incremental capacity that requires wheeling out of the load pocket.**

The Joint QFs request that PacifiCorp be required to apply third-party transmission costs only to the “portion of the QF’s total capacity” that PacifiCorp’s load pocket is unable to absorb, rather than to the QF’s nameplate capacity as a whole.<sup>13</sup> PacifiCorp has revised the PPA exhibit to clarify that the relevant variable only applies to “the maximum delivery quantity, in MW, applicable under the Agreement as determined in a transmission service request study prepared by PacifiCorp Transmission.”<sup>14</sup>

**E. PacifiCorp’s compliance filing correctly accounts for the cost of line losses charged by third-party transmission providers.**

The Joint QFs ask that PacifiCorp remove the adjustment for line losses incurred by moving a QF’s output over third-party transmission.<sup>15</sup> The Joint QFs claim that there is “no

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<sup>12</sup> Joint QF Objection at 6.

<sup>13</sup> Joint QF Objection at 9.

<sup>14</sup> Attachment B (“Exhibit [X]”), ¶ 3. Previously, Exhibit [X] defined MW as “the maximum delivery quantity, in MW, applicable under the Agreement.” See PacifiCorp’s Application for Approval of Compliance Filing, Attachment B (“Exhibit [X]”), ¶ 3 (July 12, 2019) (“PacifiCorp’s Initial Compliance Filing”).

<sup>15</sup> Joint QF Objection at 10.

evidentiary basis to support a finding that the losses incurred with moving QF output to load are greater than the losses incurred in moving PacifiCorp's avoided resources across PacifiCorp's system and any third-party systems," and that these losses should therefore "be eliminated from the formula altogether" or, in the alternative, be removed from the charges imposed by the third-party transmission provider.<sup>16</sup>

The Joint QFs misapprehend the nature of line losses associated with third-party transmission. These losses are in addition to PacifiCorp's own line losses, and constitute a real incremental charge from the third-party transmission provider associated with moving QF output over third-party transmission. PacifiCorp cannot unilaterally reduce payments to third-party transmission providers, as the Joint QFs recommend. Charges for line losses are no different from any other component of incremental third-party transmission cost that the Commission correctly found must be paid by the QF. Line losses on third-party transmission reflect the actual, incremental impacts associated with particular QFs' siting decisions. Accordingly, and as directed by the Commission, PacifiCorp is required to provide a forecasted fixed value for these losses under the forecasting methodology. While the third-party transmission provider charges PacifiCorp for losses based on a market index price for energy, PacifiCorp instead proposed to use the QF PPA price as the applicable reference. This approach is more consistent with the Commission's order because it provides the QF a known variable that is transparent and available to the QF for validation (i.e., the QF PPA price is fixed, while the market price for energy fluctuates over time). PacifiCorp contends that this approach to the loss component calculation is appropriate for the third-party transmission forecasting methodology.

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<sup>16</sup> Joint QF Objection at 10.

**F. PacifiCorp’s proposed escalation factor for forecasting third-party transmission rates is reasonable.**

The Joint QFs object to PacifiCorp calculating the escalation factor for third-party transmission rates on a case-by-case basis using the relevant transmission provider’s rate changes over the past 10 years, and instead ask the Commission to require PacifiCorp to calculate and publish a single escalation rate in the rate schedule.<sup>17</sup> The Joint QFs claim that “PacifiCorp provided no explanation as to what the BPA escalation rate would be under its proposal,” and that PacifiCorp should be required to explain how its proposal “compares to similar escalations used by PacifiCorp in its IRP and in PGE’s avoided cost rates.”<sup>18</sup>

PacifiCorp complied with the Commission’s direction in Order No. 19-172 to provide a methodology by which third-party transmission rates would be forecasted.<sup>19</sup> PacifiCorp provided a transparent formula that is based on the relevant third-party transmission provider’s own history of rate escalations.

Notwithstanding the appropriateness of PacifiCorp’s original proposed methodology for escalation, PacifiCorp is willing to adopt a more straightforward alternative in the interest of resolution of this proceeding without delay. Accordingly, PacifiCorp has modified its revised Standard and Non-Standard Avoided Cost Rate schedules to propose use of the “All Items” Consumer Price Index as posted by the United States Bureau of Labor Statistics as the appropriate and easily verifiable escalation rate.

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<sup>17</sup> Joint QF Objection at 11-12.

<sup>18</sup> Joint QF Objection at 12.

<sup>19</sup> Order No. 19-172 at 10-11.

**G. PacifiCorp’s compliance filing properly adhered to the defined scope of this case, which concerns the need to obtain firm point-to-point transmission, not network transmission service.**

The Joint QFs ask that PacifiCorp designate each load-pocket QF as a network resource under PacifiCorp’s network service agreements, including its network service agreement with Bonneville Power Administration (BPA), so that the QF’s power can be wheeled out of the load pocket using network transmission service, rather than firm point-to-point transmission service.<sup>20</sup> The Joint QFs’ request goes beyond objecting to the adequacy of PacifiCorp’s compliance filing and instead improperly asks the Commission to reconsider its decisions in Order Nos. 18-181 and 19-172.

In Order No. 18-181, the Commission narrowed the scope of this case and directed the parties to evaluate two options for allocating incremental third-party transmission costs to QFs.<sup>21</sup> Both options required PacifiCorp to use long-term, firm, point-to-point third-party transmission service to wheel a QF’s output out of a load pocket.<sup>22</sup> Notably, the Commission narrowed this case to only long-term, firm, point-to-point transmission service, over the Joint QFs’ request that the Commission consider the possibility that PacifiCorp could use other transmission service arrangements, including network transmission service from BPA, to wheel a QF’s power out of a load pocket.<sup>23</sup> By rejecting the Joint QFs’ recommendation in Order No. 18-181 and limiting the scope of this case to only firm point-to-point transmission service, the Commission previously decided this issue.

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<sup>20</sup> Joint QF Objection at 14.

<sup>21</sup> *In the Matter of Pub. Util. Comm’n of Or. Investigation into Qualifying Facility Contracting and Pricing*, Docket UM 1610, Order No. 18-181 at 5-6 (May 23, 2018) (limiting the scope of the Commission’s review to two proposals involving the procurement of long-term, firm, point-to-point third-party transmission).

<sup>22</sup> *Id.*

<sup>23</sup> Community Renewable Energy Association and Renewable Energy Coalition’s Response to PacifiCorp’s Motion to Close Docket at 6-7 (Mar. 30, 2017).

In Order No. 19-172, the Commission affirmed its earlier decision to limit the scope of this case to only firm point-to-point transmission service. Although the Joint QFs again raised the possibility of PacifiCorp using network transmission service to avoid point-to-point service,<sup>24</sup> the Commission directed PacifiCorp to propose a methodology for forecasting long-term, firm, point-to-point transmission to move a load-pocket QF's output to load.<sup>25</sup> The question of whether long-term, firm, point-to-point transmission is the most appropriate means of moving QF output from a load pocket has already been repeatedly resolved, and should not be re-litigated through the opposition to a compliance filing. The Joint QFs' discontent with the Commission's orders would have been more properly raised in a request for reconsideration rather than as an objection to PacifiCorp's compliance filing. Certainly, the Joint QFs identify no inconsistency in this respect between the Commission's direction and PacifiCorp's proposed forecasting methodology.

#### **H. PacifiCorp's compliance filing provides sufficient information for affected QFs.**

The Joint QFs ask that PacifiCorp be required to expand the types of materials provided to individual QFs to support the utility's conclusion that incremental third-party transmission is required.<sup>26</sup> Specifically, the Joint QFs are not satisfied with receiving the transmission study or other documentation from PacifiCorp's transmission function that demonstrates the need for

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<sup>24</sup> Opening Brief of the Community Renewable Energy Association and the Renewable Energy Coalition at 7-8, 17 (Nov. 29, 2018) ("Joint QF Opening Brief") ("If the QF can be designated as a network resource under the BPA agreement, then there would be no need to obtain more expensive third-party point-to-point transmission service for the QF's generation. This further limits the narrow circumstances where the load pocket issue would legitimately result in incremental third-party transmission costs to PacifiCorp[.]"). The Joint QFs quoted their own prior briefing in their objection to PacifiCorp's compliance filing. *See* Joint QFs' Objection at 14 ("If the QF can be designated as a network resource under the BPA agreement, then there would be no need to obtain more expensive third-party point-to-point transmission service for the QF's generation. This further limits the narrow circumstances where the load pocket issue would legitimately result in incremental third-party transmission costs to PacifiCorp[.]").

<sup>25</sup> Order No. 19-172 at 10.

<sup>26</sup> Joint QF Objection at 15.

third-party transmission.<sup>27</sup> Rather, the Joint QFs ask that PacifiCorp be required to convey “all information and communications with transmission personnel” and “all correspondence between PacifiCorp [Energy Supply Management] and all transmission providers in any way involved in the load pocket transmission issue, as well as all studies supplied by such transmission providers.”<sup>28</sup>

The Commission, however, did not require PacifiCorp to provide all communications and correspondence with transmission personnel. Rather, the Commission required PacifiCorp to provide “1) an explanation concerning the applicability of the third-party transmission charge, its determination on a contract-by-contract basis, and information about calculation of the amount; and 2) a statement that PacifiCorp will provide a QF with a copy of studies performed by PacifiCorp Transmission and any third-party transmission providers to determine that incremental third-party transmission is required to integrate the QF’s output at the time the determination is made.”<sup>29</sup> PacifiCorp complied with the Commission’s direction by committing to provide written notice to each QF for whom third-party transmission costs are assessed, and to provide “the transmission study or other documentation from PacifiCorp’s transmission function that demonstrates the requirements” to obtain such third-party transmission.<sup>30</sup> The Joint QFs’ new request to significantly and unreasonably expand the information provided to QFs is well beyond the scope of both their own prior request in this docket and the Commission’s order.<sup>31</sup>

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<sup>27</sup> Joint QF Objection at 15-16.

<sup>28</sup> Joint QF Objection at 15-16.

<sup>29</sup> Order No. 19-172 at 12.

<sup>30</sup> PacifiCorp’s Initial Compliance Filing, Attachment B (“Exhibit [X]”), ¶ 1.

<sup>31</sup> Joint QF Opening Brief at 18-19 (“If the [sic] PacifiCorp determines that incremental third-party transmission costs should be assigned to the QF, the Schedule 37 and standard contract should require that PacifiCorp will provide the QF with a copy of the studies performed by PacifiCorp Transmission and any other applicable third-party transmission providers that PacifiCorp relies upon to support the determination of the need for third-party point-to-point transmission for PacifiCorp to integrate the QF’s output.”); Order No. 19-172 at 12.

Nonetheless, PacifiCorp is willing to partially accommodate the Joint QFs' request by clarifying in the proposed PPA exhibit that PacifiCorp Energy Supply Management (ESM) will provide the QF all supporting materials received by PacifiCorp's transmission function and the applicable third-party transmission provider. PacifiCorp has also revised its PPA exhibit to make clear that relevant work papers will be made available to a QF supporting PacifiCorp's calculation of the proposed fixed rate for reimbursement of third-party transmission costs.

**I. PacifiCorp's revised compliance filings includes additional deadlines.**

The Joint QFs ask the Commission to impose additional deadlines on PacifiCorp, and specifically ask that PacifiCorp be required to request to designate a QF as a network resource within seven days following execution of a PPA.<sup>32</sup> The Joint QFs made the same request to the Commission,<sup>33</sup> yet the Commission did not adopt the recommendation in Order No. 19-172.<sup>34</sup> Despite the fact that the Joint QFs' request is beyond the scope of a compliance filing and instead amounts to a request for reconsideration, PacifiCorp agrees to include a clear deadline to submit a Designated Network Resource request, and accepts the Joint QFs' proposal that PacifiCorp be required to submit such a request within seven days of the PPA's execution. PacifiCorp's filing has been revised accordingly.<sup>35</sup>

The Joint QFs also request that an affected QF have 30 days to select its pricing option from the time it receives both notice that incremental third-party transmission will be required *and* supporting documents, rather than just following receipt of notice.<sup>36</sup> PacifiCorp agrees with this comment and has clarified the PPA exhibit accordingly.

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<sup>32</sup> Joint QF Objection at 16.

<sup>33</sup> Joint QF Opening Brief at 18-19.

<sup>34</sup> Order No. 19-172 at 10-11.

<sup>35</sup> Attachment B ("Exhibit [X]") at ¶ 1.

<sup>36</sup> Joint QF Objection at 17.

Finally, the Joint QFs object that there is no exception to the 30-day deadline for a QF that disputes PacifiCorp’s determination that third-party transmission is needed without having the PPA terminated.<sup>37</sup> But the Commission determined in Order No. 19-172 that the same dispute resolution procedures and rights that already apply to the PPA also apply here.<sup>38</sup> Therefore, to the extent that the Joint QFs recommendation amounts to an expanded dispute resolution process, the Commission declined to adopt such a proposal.

**J. PacifiCorp’s revised compliance filing allows a QF to switch pricing options.**

The Joint QFs ask that they be allowed to switch the third-party transmission pricing option between pass-through costs and five-year forecasts “at the end of each five-year increment.”<sup>39</sup>

PacifiCorp accepts the Joint QFs’ proposal and has revised its filing accordingly.<sup>40</sup> Where a QF wishes to change its election of either direct pass-through or forecast fixed third-party transmission costs at the end of a five-year period, the QF may request such a change.<sup>41</sup>

**K. PacifiCorp’s merchant function cannot provide preliminary assessments of whether incremental third-party transmission will be required before execution of the PPA.**

The Joint QFs ask that PacifiCorp be required to provide a preliminary assessment of whether incremental third-party transmission will be required during contract negotiations.<sup>42</sup> The Joint QFs claim that performing the analysis following PPA execution would create “a cloud of uncertainty for all Oregon QFs selling to PacifiCorp,”<sup>43</sup> and thus the QFs would be unable to

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<sup>37</sup> Joint QF Objection at 17.

<sup>38</sup> Order No. 19-172 at 12.

<sup>39</sup> Joint QF Objection at 18.

<sup>40</sup> Attachment B (“Exhibit [X]”), ¶ 3.

<sup>41</sup> Attachment B (“Exhibit [X]”), ¶ 3.

<sup>42</sup> Joint QF Objection at 18.

<sup>43</sup> Joint QF Objection at 18 (emphasis omitted).

secure financing or organize their development efforts.<sup>44</sup> The Joint QFs recommendation is beyond the proper scope of an objection to a compliance filing.

First, nowhere in Order No. 19-172 did the Commission require PacifiCorp to provide the preliminary assessment the Joint QFs now request. This omission was not an oversight because PacifiCorp's position in this case has been clear: the assessment of whether incremental third-party transmission will be required cannot be made by PacifiCorp's merchant function during the PPA negotiation process.<sup>45</sup> Instead, the assessment is made by PacifiCorp's transmission function through a study process that can be completed only after the PPA is executed. PacifiCorp laid out this process and the Commission did not direct PacifiCorp to materially change that process as the Joint QFs now recommend. Thus, the Joint QFs' request fails to show that PacifiCorp's filing is contrary to Order No. 19-172.

Second, contrary to the Joint QFs' claim, it is not "extremely easy" to provide the assessment they request because it involves much more than simply identifying whether a QF is sited in a load pocket.<sup>46</sup> As discussed above, the issue in this case is not whether a QF is in a load pocket. The issue is whether a QF in a load pocket will require incremental third-party transmission service to wheel its power out of the load pocket. Many QFs that are sited in load pockets will not require incremental third-party transmission service. Thus, simply informing a QF that they have chosen to site in a load pocket, which is "extremely easy" to do, does not indicate that the QF will require incremental third-party transmission. The circumstances where incremental third-party transmission will be required are far more complex and it is unreasonable

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<sup>44</sup> Joint QF Objection at 18.

<sup>45</sup> *See, e.g.,* PAC/1700, Griswold/9-11; *see also* FERC *pro forma* OATT, Section 30.2 (stating that a request for designation of a new Network Resource must include a commitment to purchase generation "pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service").

<sup>46</sup> Joint QF Objection at 19.

and unworkable to require PacifiCorp to provide preliminary assessments without completing the requisite studies.

Third, to the extent that the Joint QFs are simply asking PacifiCorp to provide the same type of information that it has in the past,<sup>47</sup> PacifiCorp does not necessarily object, although it is unclear what information the Joint QFs refer to.

Finally, the Joint QFs' claims that this process would compromise QF development and financing are hyperbolic and simply not accurate. Promptly following execution of a PPA, PacifiCorp will submit its request for designation of the QF resource, seeking eligibility of the QF resource for network transmission service. As set forth clearly in the proposed PPA exhibit, if additional costs or conditions are identified through that transmission service request process, and the QF does not wish to accept those further costs and conditions—such terms and conditions that would be necessary to reflect an accurate avoided cost price that keeps Oregon's retail customers indifferent to PacifiCorp's purchase, as the Public Utility Regulatory Policy Act of 1978 (PURPA) requires—the QF is entitled to terminate the PPA with no cost or liability. Once the process is complete and all appropriate costs and conditions are known, there is no unreasonable or unique hurdle to continued QF development or project financing.<sup>48</sup>

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<sup>47</sup> Joint QF Objection at 18.

<sup>48</sup> To be clear, all this process intends to ensure is that the project assumptions that underlie the contract and price are accurate. Under the guidelines of the Open Access Transmission Tariff (OATT), PacifiCorp ESM cannot verify the assumptions inherent in the PPA and price until after the PPA is executed (or fully negotiated but for confirming the availability of transmission). The process offered in the proposed PPA exhibit provides PacifiCorp and the QF a transparent mechanism to confirm that the assumptions underlying the PPA are accurate. Without this language there is no other mechanism available to ensure this uncertainty in costs is not otherwise borne (directly or indirectly) by PacifiCorp's other retail customers.

**L. Lack of available incremental third-party transmission service should not indefinitely extend a QF's commercial operation date.**

The Joint QFs object to the portion of PacifiCorp's filing that accounts for the possibility that no third-party transmission may be available for a given load-pocket QF,<sup>49</sup> and claim that such a scenario "appears to be a new problem [that] PacifiCorp failed to alert the Commission to[.]"<sup>50</sup> PacifiCorp disagrees. Inherent in its proposal to request third-party transmission is the underlying assumption that adequate incremental, long-term, firm, point-to-point transmission service is actually available to wheel the QF's power out of the load pocket. PacifiCorp's filing would be incomplete if it did not account for a circumstance in which long-term, firm, point-to-point transmission service is unavailable. Thus, PacifiCorp's compliance filing reasonably accounts for the logical possibility that there could be insufficient transmission service available.

Specifically, PacifiCorp provides that, if inadequate third-party transmission service is available for a particular QF, that QF can change its commercial operation date (COD) to match the availability of incremental transmission service, as long as the transmission service will be available within 36 months. This provision aligns with the Commission's prior determination that "QFs can select a scheduled COD anytime within three years of contract execution."<sup>51</sup> As the Joint QFs point out, the Commission has already adopted a process for extending the 3-year maximum term between PPA execution and COD, meaning that any QF subject to the PPA terms at issue here can avail itself of that process.

While the Joint QFs dispute this provision, they offer no specific alternative. Instead, the Joint QFs appear to recommend eliminating any time constraint between PPA execution and

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<sup>49</sup> Joint QF Objection at 19.

<sup>50</sup> Joint QF Objection at 19.

<sup>51</sup> *In the Matter of Pub. Util. Comm'n of Or. Investigation into Qualifying Facility Contracting and Pricing*, Docket UM 1610, Order No. 15-130 at 2 (Apr. 16, 2015).

COD. Such an approach would create unreasonable risk for customers because the avoided cost prices in the PPA will be excessively outdated if the COD is more than 36 months from PPA execution.

Moreover, there is no merit to the Joint QFs' claim that aligning available incremental transmission service with a QF's COD somehow "completely defeat[s] the mandatory purchase obligation."<sup>52</sup> First, PacifiCorp remains obligated to purchase the QF output; it will simply do so when there is adequate incremental transmission service available and when the avoided cost prices align with the expected COD. Second, if a QF can demonstrate good cause to extend the COD beyond 36 months, it can make that request to the Commission through the available dispute resolution processes. Third, PacifiCorp's approach is not subject to abuse because the availability of adequate incremental third-party transmission is not a circumstance within PacifiCorp's control, and thus could not be used to "completely defeat" its mandatory purchase obligation.<sup>53</sup>

**M. PacifiCorp should not be required to file burdensome status reports.**

The Joint QFs ask that PacifiCorp be required to file quarterly status reports to allow the Commission to "actively monitor how PacifiCorp implements the policy" and to provide "monthly status updates," including detailed information regarding PacifiCorp's contracting negotiations with PPAs and the timeline for development of any QFs with executed contracts.<sup>54</sup>

As with other requests made by the Joint QFs, this one goes far beyond establishing compliance with the requirements of Order No. 19-172. The Joint QFs do not purport to find a discrepancy between PacifiCorp's filing and the Commission's direction. Rather, the Joint QFs

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<sup>52</sup> Joint QF Objection at 20.

<sup>53</sup> Joint QF Objection at 20.

<sup>54</sup> Joint QF Objection at 21-22.

allege a defect in the Commission's order—that the Commission should have included extensive requirements for ongoing reporting, including monthly status updates, quarterly status reports, and the provision of detailed information concerning PacifiCorp's PURPA contracting processes. Such a claim for new substantive requirements should have been presented prior to the Commission's order, or at the very least in a motion for reconsideration—not in an objection to the adequacy of a compliance filing.

Even if the Joint QFs' request was properly presented, the request itself is unduly burdensome and not adequately justified. The Joint QFs appear to assume that the Commission's new third-party transmission policy will be quickly and pervasively abused, and thus urge the Commission to closely monitor its implementation. The Joint QFs offer no support for their suspicions and there is no reason to expand PacifiCorp's compliance requirements to include such voluminous and detailed reports.

### **III. PACIFICORP'S REVISED COMPLIANCE FILING**

In addition to the issues discussed above, PacifiCorp identified the following issues in its initial compliance filing that are corrected in this revised filing.

First, PacifiCorp's initial Exhibit X failed to account for costs that might be incurred if PacifiCorp secures long-term, firm, point-to-point transmission service yet the project's delivery date is delayed. In such a circumstance, the QF must be responsible for the third-party transmission costs that PacifiCorp incurs based on procuring the transmission service for the time periods requested by the QF. To account for this eventuality, PacifiCorp included appropriate clarifying language as paragraph 3 in Exhibit X, included here as Attachment B.

Second, PacifiCorp modified the forecasting formula to make each logical component a discrete equation, which are then summed to derive the overall Monthly Transmission Rate.<sup>55</sup> As originally filed, the equation consisted of a single complex formula that attempted to comprehensively account for all discrete calculations.<sup>56</sup> In the interests of clarity, the revised formula has been broken out into four separate component equations, consisting of: (1) Long-Term Firm; Point-to-Point Transmission Service; (2) Scheduling, Control and Dispatch Service; (3) Balancing Service; and (4) Losses. As part of the formula modification, PacifiCorp simplified and consolidated several of the small variable OATT components in the third-party transmission cost forecasting formula, choosing to include those small variable components, overly complicated in their own calculation and not easily forecast as a fixed rate, into the Balancing Service.<sup>57</sup>

Finally, the company is providing an updated illustrative calculation example to demonstrate how its formula would be applied, together with supporting work papers.<sup>58</sup> This illustrative example uses current BPA rates and applies the company's proposed methodology set forth in Attachment B.

#### IV. CONCLUSION

PacifiCorp's proposed methodology for determining a fixed, forecast rate for incremental long-term, firm, point-to-point transmission service is consistent with the Commission's direction in Order No. 19-172. The revised Standard and Non-Standard Avoided Cost Rate schedules and the revised QF PPA exhibit set forth a clear and accurate procedure for electing a

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<sup>55</sup> Attachment B ("Exhibit [X]"), ¶ 3.

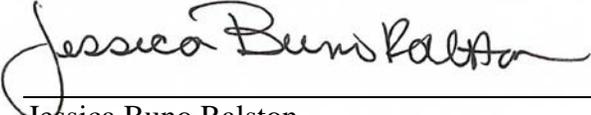
<sup>56</sup> Attachment B ("Exhibit [X]"), ¶ 3.

<sup>57</sup> Attachment B ("Exhibit [X]"), ¶ 3.

<sup>58</sup> The illustrative calculation is provided as Appendix A (Revised).

transmission rate, evaluation of the need for third-party transmission, and QFs contractual rights as they relate to these transmission rates. PacifiCorp therefore respectfully requests that the Commission approve its revised compliance filing as consistent with the Commission's direction.

Respectfully submitted this 9<sup>th</sup> day of August, 2019, on behalf of PacifiCorp.



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Counsel for PacifiCorp d/b/a/ Pacific Power

# Appendix A

**Illustrative Example of the Calculation of the Monthly Transmission Rate using BPA Rates:**

8/9/2019 8:18

<https://www.bpa.gov/Finance/RateInformation/Pages/default.aspx>

<b>BPA Example: BPA PTP-18</b>		<b>Formula</b>
Long-Term Firm, Point-to-Point Capacity (PTP MW) (rounded to the nearest MW up)	<b>5,000</b> kW	<i>Note: Capacity determined by PacifiCorp Transmission transmission service request study results.</i>
Actual Monthly Generation Delivery Quantity (V):	<b>1,250</b> MWh <sup>(1)</sup>	<i>Note: This example assumes a QF Facility with a nameplate of 10 MW but only requires LTF PTP for 5 MW as identified in the transmission service request study.</i>
Contract Price (CP):	<b>\$30.00</b> /MWh	
PacifiCorp Suggested Annual Escalation Rate (e):	<b>2.50%</b>	
Current Year of any Five (5) Year Term (n):	<b>1</b>	
<i>(effective as of the scheduled initial delivery date; first term period may be up to eight (8) years)</i>		
Long-Term Firm, Point-to-Point Transmission Service (LTF PTP):	<b>\$1.471</b> /kw-month	$A = [((\text{PTP RATE}_{n=0} \times (1 + e)^n) \times \text{PTP MW})]$ $[[(\$1.471 \times (1+2.5\%)^1 \times 5,000)] =$ <p style="text-align: right;"><b>A = \$ 7,539</b></p>
Scheduling, Control and Dispatch Service (SCD):	<b>\$0.322</b> /kw-month	$B = [((\text{SCD}_{n=0}) \times (1 + e)^n) \times \text{PTP MW}]$ $[[(\$0.322 \times (1 + 2.5\%)^1 \times 5,000)] =$ <p style="text-align: right;"><b>B = \$ 1,650</b></p>
<i>Note: SCD is an Ancillary Service Charge in BPA's tariff</i>		
Balancing Service (BAL) Rate <sup>(2)</sup> :	<b>\$1.010</b> /kw-month	$\text{VERBS} = (\$0.13 + \$0.42 + \$0.46)$ <p><b>VERBS = \$1.010</b></p>
Rate for 30/60 Committed Schedule:		
Regulating Reserves:	<b>\$0.130</b>	
Following Reserves:	<b>\$0.420</b>	
Imbalance Reserves:	<b>\$0.460</b>	
<i>(The BPA rate is known as VERBS and is applicable to customers taking Balancing Service that commit to receive BPA's 30-minute signal for each 60-minute schedule period (30/60 committed scheduling) and submit schedules that are consistent with the signal or that result in less imbalance for the scheduling period.)</i>		
Losses (L): (4.5%)	<b>1.90%</b>	$D = [L_{n=0} \times \text{CP} \times \text{V}]$ $[1.90\% \times \$30.00 \times 1,250] =$ <p style="text-align: right;"><b>D = \$ 713</b></p>
<b>TOTAL EXAMPLE MONTHLY INVOICE:</b>		<b>[ A + B + C + D ] = \$ 15,078</b>
<i>\$/MWh for a 10 MW wind asset with a ~34.25% capacity factor exporting 5 MW =</i>		<b>\$ 12.06</b>

<sup>(1)</sup> 1,250 MWh = 5 MW (transmission service capacity) x 730 hours/month x 34.25% (capacity factor)

<sup>(2)</sup> BPA's Variable Energy Resource Balance Service rate ("VERBS") is a balancing service cost applicable to wind and solar generating facilities. This cost a demand charge, in \$/kw-month, with rates dependent upon signals from BPA and scheduling period of the wind and solar resource.

# **Attachment A**

**Third Party Transmission Cost Adjustment**

QFs located in discrete load center areas on PacifiCorp's system (also referred to as load "pockets" or load "bubbles") where there is insufficient load to sink additional generation must be exported from that load pocket, transmitted across a third-party transmission system using long-term, firm point-to-point transmission service ("LTF PTP"), and delivered to a different area on PacifiCorp's system where there is sufficient load to sink additional generation. QFs are required to reimburse PacifiCorp for the cost of these third-party system LTF PTP transmission service arrangements, including any associated Ancillary Services. PacifiCorp will procure third-party system LTF PTP and associated Ancillary Services based on the QF's maximum hourly output that is in excess of the load pocket minimum load ("Excess Generation"). Such LTF PTP transmission service and associated Ancillary Services will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services.

"Ancillary Services," as used in this section, means those services necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with good utility practice.

The amount and cost of the LTF PTP transmission service and associated Ancillary Services will be subject to periodic updates and all terms and conditions will be memorialized in the power purchase agreement ultimately entered into between PacifiCorp and the QF. QFs will have the option to select either option below for such transmission cost adjustments:

**Transmission Cost Adjustment Options**

1. Direct pass-through of actual costs. The QF will pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation, as determined by such third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. The QF will compensate PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission and associated Ancillary Services costs against the payments made by PacifiCorp to the QF for Net Output under the power purchase agreement. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation.
2. Fixed forecast costs. The QF will pay PacifiCorp a monthly fixed amount to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation. The monthly fixed amount will be a calculated based on a five-year forecast of all applicable transmission service cost components as determined by such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation and will update the fixed monthly amount of LTF PTP transmission service and associated Ancillary Services expense reimbursed to PacifiCorp consistent with the methodology below.

(continued)

(N)

(N)

**Transmission Cost Adjustment Options (continued)**

- a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period consistent with the "All Items" Consumer Price Index issued by the United States Bureau of Labor Statistics. ~~PacifiCorp will determine such annual escalation based on past historic trends and publicly available market information pertaining to the applicable third-party transmission provider.~~

(N)

(N)

(M)

**Monthly Payments**

A Qualifying Facility shall select the option of payment at the time of signing the contract under one of the Pricing Options specified above. Once an option is selected the option will remain in effect for the duration of the Facility's contract.

**Renewable or Standard Fixed Avoided Cost Prices**

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the renewable or standard fixed prices as provided in this schedule. On-Peak and Off-Peak are defined in the definitions section of this schedule.

**Firm Market Indexed and Non-Firm Market Index Avoided Cost Prices**

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the market prices calculated at the time of delivery. On-Peak and Off-Peak are defined in the definitions section of this schedule.

(M)

(continued)

**Transmission Cost Adjustment Options (continued)**

- a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period consistent with the "All Items" Consumer Price Index issued by the United States Bureau of Labor Statistics.

(N)

**Monthly Payments**

A Qualifying Facility shall select the option of payment at the time of signing the contract under one of the Pricing Options specified above. Once an option is selected the option will remain in effect for the duration of the Facility's contract.

(N)

(M)

**Renewable or Standard Fixed Avoided Cost Prices**

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the renewable or standard fixed prices as provided in this schedule. On-Peak and Off-Peak are defined in the definitions section of this schedule.

**Firm Market Indexed and Non-Firm Market Index Avoided Cost Prices**

In accordance with the terms of a contract with a Qualifying Facility, the Company shall pay for all separately metered kilowatt-hours of On-Peak and Off-Peak generation at the market prices calculated at the time of delivery. On-Peak and Off-Peak are defined in the definitions section of this schedule.

(M)

(continued)

**Avoided Cost Prices**
**Standard Fixed Avoided Cost Prices for Base Load and Wind QF (¢/kWh)**

Deliveries During Calendar Year	Base Load QF (1,3)		Wind QF (2,3)	
	On-Peak Energy Price	Off-Peak Energy Price	On-Peak Energy Price	Off-Peak Energy Price
	(a)	(b)	(c)	(d)
2019	3.54	2.43	3.48	2.37
2020	3.15	2.20	3.08	2.14
2021	3.18	2.41	3.12	2.35
2022	3.47	2.68	3.40	2.62
2023	3.71	2.90	3.65	2.84
2024	4.17	3.22	4.10	3.15
2025	4.48	3.46	4.41	3.39
2026	4.76	3.71	4.69	3.64
2027	4.73	3.72	4.66	3.65
2028	4.74	3.74	4.67	3.67
2029	5.12	4.07	5.05	3.99
2030	7.24	4.31	5.11	4.23
2031	7.53	4.55	5.36	4.47
2032	7.83	4.79	5.62	4.70
2033	8.13	5.02	5.87	4.94
2034	8.43	5.25	6.12	5.17
2035	8.29	5.05	5.93	4.96
2036	8.41	5.10	6.01	5.01

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(continued)

**Avoided Cost Prices (Continued)**
**Standard Fixed Avoided Cost Prices for Fixed and Tracking Solar QF (¢/kWh)**

Deliveries During Calendar Year	Fixed Solar QF (2,3)		Tracking Solar QF (2,3)	
	On-Peak Energy Price (e)	Off-Peak Energy Price (f)	On-Peak Energy Price (g)	Off-Peak Energy Price (h)
2019	3.48	2.36	3.48	2.36
CC2020	3.08	2.13	3.08	2.13
2021	3.11	2.34	3.11	2.34
2022	3.40	2.61	3.40	2.61
2023	3.64	2.83	3.64	2.83
2024	4.10	3.15	4.10	3.15
2025	4.40	3.39	4.40	3.39
2026	4.69	3.63	4.69	3.63
2027	4.66	3.64	4.66	3.64
2028	4.66	3.66	4.66	3.66
2029	5.04	3.98	5.04	3.98
2030	8.44	4.23	8.65	4.23
2031	8.77	4.46	8.98	4.46
2032	9.10	4.70	9.31	4.70
2033	9.42	4.93	9.64	4.93
2034	9.74	5.16	9.97	5.16
2035	9.63	4.95	9.86	4.95
2036	9.78	5.01	10.01	5.01

- (1) Capacity Contribution to Peak for Avoided Proxy Resource and Base Load QF resource are assumed 100%.
- (2) The standard avoided cost price for wind and solar QFs located in PacifiCorp's balancing authority area (BAA) are reduced by an integration charge of \$0.57/MWh (\$2016) and solar integration charge of \$0.60/MWh (\$2016), respectively.
- For Solar and Wind QFs not located in PacifiCorp's BAA, the renewable avoided cost price will be increased by wind integration charge of \$0.57/MWh (\$2016) and solar integration charge of \$0.60/MWh (\$2016), respectively.
- (3) Standard Resource Sufficiency Period ends December 31, 2029 and Standard Resource Deficiency Period begins January 1, 2030.

(continued)

**Avoided Cost Prices (Continued)**
**Renewable Fixed Avoided Cost Prices for Base Load and Wind QF (¢/kWh)**

Deliveries During Calendar Year	Renewable Base Load QF (1,4)		Wind QF (1,2,3)	
	On-Peak Energy Price (a)	Off-Peak Energy Price (b)	On-Peak Energy Price (c)	Off-Peak Energy Price (d)
2019	3.54	2.43	3.48	2.37
2020	3.15	2.20	3.08	2.14
2021	4.06	1.44	1.74	1.37
2022	4.13	1.51	1.76	1.45
2023	4.20	1.58	1.77	1.52
2024	4.30	1.62	1.82	1.55
2025	4.40	1.66	1.85	1.59
2026	4.49	1.71	1.89	1.64
2027	4.58	1.75	1.92	1.68
2028	4.68	1.80	1.96	1.72
2029	4.78	1.84	2.00	1.76
2030	4.88	1.88	2.04	1.81
2031	4.98	1.93	2.08	1.85
2032	5.08	1.98	2.12	1.90
2033	5.17	2.03	2.15	1.95
2034	5.28	2.07	2.20	1.99
2035	5.40	2.10	2.25	2.02
2036	5.51	2.14	2.30	2.05

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**Avoided Cost Prices (continued)**
**Renewable Fixed Avoided Cost Prices for Fixed and Tracking Solar QF (¢/kWh)**

Deliveries During Calendar Year	Fixed Solar QF (1,2,3)		Tracking Solar QF (1,2,3)	
	On-Peak Energy Price (e)	Off-Peak Energy Price (f)	On-Peak Energy Price (g)	Off-Peak Energy Price (h)
2019	3.48	2.36	3.48	2.36
2020	3.08	2.13	3.08	2.13
2021	4.41	1.37	4.71	1.37
2022	4.49	1.44	4.80	1.44
2023	4.58	1.51	4.89	1.51
2024	4.68	1.54	5.01	1.54
2025	4.79	1.58	5.12	1.58
2026	4.89	1.63	5.22	1.63
2027	4.99	1.67	5.33	1.67
2028	5.09	1.72	5.45	1.72
2029	5.20	1.75	5.56	1.75
2030	5.31	1.80	5.68	1.80
2031	5.42	1.84	5.79	1.84
2032	5.53	1.89	5.91	1.89
2033	5.64	1.94	6.03	1.94
2034	5.75	1.98	6.15	1.98
2035	5.88	2.01	6.29	2.01
2036	6.00	2.05	6.42	2.05

- (1) For the purpose of determining: (i) when the Renewable Qualifying Facility is entitled to renewable avoided cost prices; and (ii) the ownership of environmental attributes and the transfer of Green Tags to PacifiCorp, Renewable Sufficiency Period ends December 31, 2020 and Renewable Deficiency Period begins January 1, 2021.
- (2) During the Renewable Resource Sufficiency Period, the renewable avoided cost price for a wind and solar Qualifying Facility located in PacifiCorp's BAA is reduced by wind integration charge of \$0.57/MWh (\$2016) and solar integration charge of \$0.60/MWh (\$2016), respectively.  
For Solar and Wind QFs not located in PacifiCorp's BAA, the renewable avoided cost price will be increased by the avoided wind integration charge of \$0.57/MWh (\$2016) and solar integration charge of \$0.60/MWh (\$2016), respectively.
- (3) During the Renewable Resource Deficiency Period, the renewable avoided cost price for a solar Qualifying Facility located in PacifiCorp's BAA (in-system) is reduced by the difference between the solar integration charge \$0.60/MWh (\$2016) and wind integration charge of \$0.57/MWh (\$2016). For a wind Qualifying Facility located in PacifiCorp's (BAA), the adjustment is zero. For a solar Qualifying Facility not located in PacifiCorp's BAA, the renewable avoided cost price for solar QF will be increased by the difference between the solar integration and wind integration charges.
- (4) During the Renewable Resource Deficiency Period, the renewable avoided cost price for Base Load is increased by the avoided wind integration charge of \$0.57/MWh (\$2016).

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**Qualifying Facilities Contracting Procedure**

Interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (PacifiCorp Commercial and Trading).

It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to allow time for studies, negotiation of agreements, engineering, procurement, and construction of the required interconnection facilities. Early application for interconnection will help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

**1. Eligible Qualifying Facilities**

**APPLICATION:** To owners of eligible existing or proposed QFs with a design capacity less than or equal to 10,000 kW for Base Load and Wind QF resources and less than or equal to 3,000 kW for Solar QF resources who desire to make sales to the Company in the state of Oregon. Such owners will be required to enter into a written power purchase agreement with the Company pursuant to the procedures set forth below.

**I. Process for Completing a Power Purchase Agreement****A. Communications**

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp  
Manager-QF Contracts  
825 NE Multnomah St, Suite 600  
Portland, Oregon 97232

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

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(continued)

**B. Procedures**

1. The Company's approved generic or standard form power purchase agreements may be obtained from the Company's website at [www.pacificorp.com](http://www.pacificorp.com), or if the owner is unable to obtain it from the website, the Company will send a copy within seven days of a written request.
2. In order to obtain a project specific draft power purchase agreement the owner must provide in writing to the Company, general project information required for the completion of a power purchase agreement, including, but not limited to:
  - (a) demonstration of ability to obtain QF status;
  - (b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system;
  - (c) generation technology and other related technology applicable to the site;
  - (d) proposed site location;
  - (e) schedule of monthly power deliveries;
  - (f) calculation or determination of minimum and maximum annual deliveries;
  - (g) motive force or fuel plan;
  - (h) proposed on-line date and other significant dates required to complete the milestones;
  - (i) proposed contract term and pricing provisions as defined in this Schedule (i.e., standard fixed price, renewable fixed price);
  - (j) status of interconnection or transmission arrangements;
  - (k) point of delivery or interconnection;
3. The Company shall provide a draft power purchase agreement when all information described in Paragraph 2 above has been received in writing from the QF owner. Within 15 business days following receipt of all information required in Paragraph 2, the Company will provide the owner with a draft power purchase agreement including current standard avoided cost prices and/or other optional pricing mechanisms as approved by the Public Utility Commission of Oregon in this Standard Avoided Cost Rate Schedule.
4. If the owner desires to proceed with the power purchase agreement after reviewing the Company's draft power purchase agreement, it may request in writing that the Company prepare a final draft power purchase agreement. In connection with such request, the owner must provide the Company with any additional or clarified project information that the Company reasonably determines to be necessary for the preparation of a final draft power purchase agreement. Within 15 business days following receipt of all information requested by the Company in this paragraph 4, the Company will provide the owner with a final draft power purchase agreement.

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**B. Procedures (continued)**

5. After reviewing the final draft power purchase agreement, the owner may either prepare another set of written comments and proposals or approve the final draft power purchase agreement. If the owner prepares written comments and proposals the Company will respond in 15 business days to those comments and proposals.
  
6. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, the Company will prepare and forward to the owner within 15 business days, a final executable version of the agreement. Following the Company's execution a completely executed copy will be returned to the owner. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.

**II. Process for Negotiating Interconnection Agreements**

[NOTE: Section II applies only to QFs connecting directly to PacifiCorp's electrical system. An off-system QF should contact its local utility or transmission provider to determine the interconnection requirements and wheeling arrangement necessary to move the power to PacifiCorp's system.]

In addition to negotiating a power purchase agreement, QFs intending to make sales to the Company are also required to enter into an interconnection agreement that governs the physical interconnection of the project to the Company's transmission or distribution system. The Company's obligation to make purchases from a QF is conditioned upon the QF completing all necessary interconnection arrangements. It is recommended that the owner initiate its request for interconnection 18 months ahead of the anticipated in-service date to help ensure that necessary interconnection arrangements proceed in a timely manner on a parallel track with negotiation of the power purchase agreement.

Because of functional separation requirements mandated by the Federal Energy Regulatory Commission, interconnection and power purchase agreements are handled by different functions within the Company. Interconnection agreements (both transmission and distribution level voltages) are handled by the Company's transmission function (including but not limited to PacifiCorp Transmission Services) while power purchase agreements are handled by the Company's merchant function (including but not limited to PacifiCorp's Commercial and Trading Group).

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**II. Process for Negotiating Interconnection Agreements (continued)**

(M)

**A. Communications**

Initial communications regarding interconnection agreements should be directed to the Company in writing as follows:

PacifiCorp  
Director – Transmission Services  
825 NE Multnomah St, Suite 1600  
Portland, Oregon 97232

Based on the project size and other characteristics, the Company will direct the QF owner to the appropriate individual within the Company's transmission function who will be responsible for negotiating the interconnection agreement with the QF owner. Thereafter, the QF owner should direct all communications regarding interconnection agreements to the designated individual, with a copy of any written communications to the address set forth above.

**B. Procedures**

Generally, the interconnection process involves (1) initiating a request for interconnection, (2) undertaking studies to determine the system impacts associated with the interconnection and the design, cost, and schedules for constructing any necessary interconnection facilities, and (3) executing an interconnection agreement to address facility construction, testing, acceptance, ownership, operation and maintenance issues. Consistent with PURPA and Oregon Public Utility Commission regulations, the owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis. For interconnections impacting the Company's Transmission and Distribution System, the Company will process the interconnection application through PacifiCorp Transmission Services.

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**Transmission Cost Adjustment Options (continued)**

2. Fixed forecast costs. The QF will pay PacifiCorp a monthly fixed amount to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation. The monthly fixed amount will be calculated based on a five-year forecast of all applicable transmission service cost components as determined by such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation and will update the fixed monthly amount of LTF PTP transmission service and associated Ancillary Services expense reimbursed to PacifiCorp consistent with the methodology below.

- a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period consistent with the 'All Items' Consumer Price Index issued by the United States Bureau of Labor Statistics. ~~PacifiCorp will determine such annual escalation based on past historic trends and publicly available market information pertaining to the applicable third-party transmission provider.~~

**Qualifying Facilities Contracting Procedure**

**A. Communications**

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp  
QF Requests  
Resource & Commercial Strategy  
825 NE Multnomah St, Suite 600  
Portland, Oregon 97232  
[QFrequests@pacificcorp.com](mailto:QFrequests@pacificcorp.com)

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

(continued)

(N)

(N)

(M)

(M)

**Transmission Cost Adjustment Options (continued)**

- 2. Fixed forecast costs. The QF will pay PacifiCorp a monthly fixed amount to secure LTF PTP transmission service and associated Ancillary Services from the applicable third-party transmission provider for exporting Excess Generation. The monthly fixed amount will be calculated based on a five-year forecast of all applicable transmission service cost components as determined by such transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission services. Eighteen (18) months prior to each five year anniversary of the initial delivery date under the power purchase agreement between PacifiCorp and the QF, PacifiCorp will reevaluate and adjust as necessary the amount of LTF PTP transmission capacity necessary to export the Excess Generation and will update the fixed monthly amount of LTF PTP transmission service and associated Ancillary Services expense reimbursed to PacifiCorp consistent with the methodology below.
  - a. Fixed Forecast Methodology. PacifiCorp will use the transmission service cost components from the applicable third-party transmission provider's Open Access Transmission Tariff or comparable pricing schedule for transmission and ancillary services to determine the monthly fixed amount reimbursed by the QF to PacifiCorp beginning upon initial deliveries under the power purchase agreement between PacifiCorp and the QF. PacifiCorp will escalate each component annually following the effective date of the power purchase agreement through the end of the initial five-year period consistent with the "All Items" Consumer Price Index issued by the United States Bureau of Labor Statistics.

**Qualifying Facilities Contracting Procedure**

**A. Communications**

Unless otherwise directed by the Company, all communications to the Company regarding QF power purchase agreements should be directed in writing as follows:

PacifiCorp  
QF Requests  
Resource & Commercial Strategy  
825 NE Multnomah St, Suite 600  
Portland, Oregon 97232  
[QFrequests@pacificcorp.com](mailto:QFrequests@pacificcorp.com)

The Company will respond to all such communications in a timely manner. If the Company is unable to respond on the basis of incomplete or missing information from the QF owner, the Company shall indicate what additional information is required. Thereafter, the Company will respond in a timely manner following receipt of all required information.

(continued)

(N)

(N)

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(M)

**B. Procedures**

1. To obtain an indicative pricing proposal with respect to a proposed project, the owner must provide electronically, preferred, or in writing to the Company general project information reasonably required for the development of indicative pricing, including, but not limited to:
  - a) generation technology and other related technology applicable to the site
  - b) design capacity (MW), station service requirements, and net amount of power to be delivered to the Company's electric system
  - c) quantity, firmness, and timing of daily and monthly power deliveries (including project ability to respond to dispatch orders from the Company and maintenance schedule)
  - d) proposed site location and electrical interconnection point
  - e) proposed on-line date and outstanding permitting requirements
  - f) demonstration of ability to obtain QF status
  - g) fuel type(s) and source(s)
  - h) plans for fuel and transportation agreements
  - i) proposed contract term and pricing provisions
  - j) status of interconnection arrangements

2. The Company shall not be obligated to provide an indicative pricing proposal until all information described in Paragraph 1 has been received in writing from the Qualifying Facility owner. Within 30 days following receipt of all information required in Paragraph 1, the Company will provide the owner with an indicative pricing proposal, which may include other indicative contract terms and conditions as allowed under federal law, state law, and as approved by the Commission, tailored to the individual characteristics of the proposed project. Indicative non-renewable prices will be calculated using the partial displacement differential revenue requirement, or PDDRR, method as approved by the Commission in Order No. 16-174. Consistent with Order No. 16-174 the floor for non-standard avoided cost prices is the wholesale power price forecast that is used to set sufficiency period avoided cost prices in standard QF contracts under Schedule 37. Indicative renewable pricing will be calculated using the methodology consistent with Commission Order No. 07-360 and Order No. 18-131.

The indicative pricing proposal may be used by the owner to make determinations regarding project planning, financing and feasibility. However, such prices are merely indicative and are not final and binding. Prices and other terms and conditions are only final and binding to the extent contained in a power purchase agreement executed by both parties. The Company will provide the owner with the indicative prices and a description of the methodology used to develop the prices.

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(continued)

**B. Procedures (continued)**

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3. If the owner desires to proceed forward with the project after reviewing the Company's indicative pricing proposal, it may request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the owner must provide the Company with any additional project information that the Company reasonably determines to be necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:
  - a) updated information of the categories described in Paragraph B.1,
  - b) evidence of adequate control of proposed site
  - c) identification of, and timelines for obtaining any necessary governmental permits, approvals or authorizations
  - d) assurance of fuel supply or motive force
  - e) anticipated timelines for completion of key project milestones
  - f) evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection arrangements are being made.
  
4. The Company shall not be obligated to provide the owner with a draft power purchase agreement until all information required pursuant to Paragraph 3 has been received by the Company in writing. Within 30 days following receipt of all information required pursuant to paragraph 3, the Company shall provide the owner with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions, including specific pricing for purchases from the project. Such draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.
  
5. After reviewing the draft power purchase agreement, the owner may prepare an initial set of written comments and proposals regarding the draft power purchase agreement and forward such comments and proposals to the Company. The Company shall not be obligated to commence negotiations with a Qualifying Facility owner until the Company has received an initial set of written comments and proposals from the Qualifying Facility owner. Following the Company's receipt of such comments and proposals, the owner may contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties. In connection with such negotiations, the Company:
  - a) will not unreasonably delay negotiations and will respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the owner
  - b) may request to visit the site of the proposed project if such a visit has not previously occurred
  - c) will update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed project or proposed terms of the draft power purchase agreement
  - d) may request any additional information from the owner necessary to finalize the terms of the power purchase agreement and satisfy the Company's due diligence with respect to the project.

(continued)

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**B. Procedures (continued)**

6. When both parties are in full agreement as to all terms and conditions of the power purchase agreement, the Company will prepare and forward to the owner a final, executable version of the agreement within 15 business days. Prices and other terms and conditions in the power purchase agreement will not be final and binding until the power purchase agreement has been executed by both parties.
  
7. At any time after 60 days from the date that Qualifying Facility has provided its written notification pursuant to Paragraph 5, the Qualifying Facility may file a complaint with the Commission asking the Commission to adjudicate any unresolved contract terms or conditions.

(M)

(M)

## **Attachment B**

## Exhibit [X]

### Transmission Services for Excess Generation

1. No later than seven (7) days after the Effective Date, PacifiCorp shall submit the request to designate the Facility as a network resource eligible for network integration transmission service under its Network Integration Transmission Service Agreement with PacifiCorp's transmission function ("DNR Request"). If, in response to PacifiCorp's DNR Request, PacifiCorp is informed by PacifiCorp's transmission function that such network resource designation is contingent on PacifiCorp procuring transmission service from a third-party transmission provider, PacifiCorp shall notify Seller in writing within seven (7) days of receiving the DNR Request transmission study and provide Seller the transmission study or other documentation from PacifiCorp's transmission function that demonstrates the requirement.
  2. Within thirty (30) days following Seller's receipt of the notification and supporting materials contemplated in Section 1 above, Seller shall make one of the following elections in writing to PacifiCorp:
    - a. Seller shall agree to reimburse PacifiCorp for such third-party transmission service under Option 1 below; or
    - b. Seller shall request PacifiCorp to prepare a proposed Monthly Transmission Rate (as defined below) under Option 2 below for Seller's review; or
    - c. Seller shall terminate the Agreement, and such termination shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of its notification under Section 1 above, Seller shall be deemed to have elected clause 2.c. above and the Agreement shall immediately terminate with no further action of either Party.

3. If Seller timely elects to proceed under Option 1 or Option 2, PacifiCorp will promptly proceed to procure long-term firm, point-to-point transmission service, including ancillary services<sup>1</sup> ("LTF PTP"), beginning on the Scheduled Initial Delivery Date in an amount determined through the transmission service request process as identified in Section 1 above ("Excess Generation"). Such LTF PTP transmission service will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff ("OATT") or comparable pricing schedule for transmission services. Such LTF PTP transmission costs incurred by PacifiCorp will be reimbursed by Seller under either Option 1 or Option 2 below, as elected by Seller under Section 2 above. Once either Option 1 or Option 2 is elected by Seller, Seller may not change its election without prior approval of PacifiCorp which approval shall not be

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<sup>1</sup> Ancillary services are those services including balancing services that are necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with Good Utility Practice.

unreasonably withheld, conditioned, or delayed. Seller's obligation to reimburse PacifiCorp for the LTF PTP transmission costs it incurs under either Option 1 or Option 2 below shall not be excused due to any delays in the commercial operation of the Facility or the failure of the Facility to operate, due to events of Force Majeure or otherwise.

**Option 1 – Direct pass-through of actual costs.**

Seller agrees to pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation, as determined by such transmission provider's OATT or comparable pricing schedule for transmission services. Seller compensates PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission costs against the Contract Price payable by PacifiCorp each month under the Agreement. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

**Option 2 – Fixed forecasted costs.**

Within thirty (30) days following PacifiCorp's receipt of Seller's election under clause 2.b. above, PacifiCorp shall prepare and provide to Seller the proposed monthly fixed rate (the "Monthly Transmission Rate") that will be used to determine the monthly charge Seller pays to PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation, including materials supporting the calculation. The Monthly Transmission Rate will be calculated using the methodology described below.

Seller has thirty (30) days from the receipt of the proposed Monthly Transmission Rate to inform PacifiCorp whether it (a) elects to pay the transmission charges associated with this Option 2; (b) elects not to pay the transmission charges associated with this Option 2 and elects Option 1 instead; or (c) elects not to pay the transmission charges associated with this Option 2 and elects to terminate the Agreement. If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of the proposed Monthly Transmission Rate from PacifiCorp, Seller shall be deemed to have elected clause (c) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Such termination of the Agreement under this paragraph shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

If after reviewing the Monthly Transmission Rate Seller elects Option 2, Seller agrees to pay PacifiCorp the Monthly Transmission Rate to reimburse PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation. Seller pays PacifiCorp the Monthly Transmission Rate one month in arrears through a netting against the Contract Price payable by PacifiCorp each month under the Agreement.

The Monthly Transmission Rate will be adjusted on each five (5) year anniversary of the Effective Date (each, an “Adjustment Date”), consistent with the methodology described below and as communicated in writing by PacifiCorp to Seller at least sixty (60) days prior to each five (5) year Adjustment Date, but no earlier than one hundred and eighty (180) days prior to such Adjustment Date. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

Option 2 Methodology for Calculation of Monthly Transmission Rate. The Monthly Transmission Rate shall be calculated as follows:

The **Monthly Transmission Rate** is the applicable point-to-point transmission service rate as posted in the third party transmission provider’s OATT or comparable pricing schedule for transmission services plus all applicable losses and ancillary service charges to be billed to PacifiCorp (the “Posted Rates”), as escalated based on the methodology described below; provided, however, that any Posted Rates of an applicable third-party transmission provider not shown below will also be included in the Monthly Transmission Rate, as escalated under the methodology described below. Posted Rates will be established and fixed as of the Effective Date for the first five (5) year period following the Effective Date, and thereafter re-established for any Adjustment Date no earlier than one hundred and eighty days prior to the upcoming Adjustment Date.

The Monthly Transmission Rate is comprised of four (4) components and will be calculated as follows:

$$\text{Monthly Transmission Rate} = A + B + C + D$$

Where:

A = Long-Term Firm, Point-to-Point Transmission Service (PTP), calculated according to the following formula:

$$A = [((PTP\ RATE_{n=0} * (1 + e)^n) * PTP\ MW)]$$

B = Scheduling, Control and Dispatch Service (SCD), calculated according to the following formula:

$$B = [((SCD_{n=0}) * (1 + e)^n) * PTP\ MW]$$

C = Balancing Service (BAL), calculated according to the following formula:

$$C = [BAL * (1 + e)^n * PTP\ MW]$$

D = Losses (L), calculated according to the following formula:

$$D = [L_{n=0} * CP * V]$$

Where:

**PTP RATE (\$/kw-month)** = the applicable point-to-point rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services.

**SCD (\$/kw-month)** = the applicable Scheduling, Control and Dispatch Charge rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services.

**PTP MW** = the maximum delivery quantity, in MW, applicable under the Agreement as determined in a transmission service request study prepared by PacifiCorp Transmission.

**BAL** = Variable energy resource balancing service is a balancing service cost applicable to wind and solar generating facilities. This cost, in \$/kW-month, are rates dependent upon signals and scheduling period of the wind or solar resource. BAL is typically the sum of regulating reserves, following reserves, and imbalance reserves but may vary by transmission provider.

**y** = The year of the Effective Date of the Agreement or each subsequent Adjustment Date, as the context requires.

**V (MWh)** = the actual monthly generation delivery quantity exported over the third-party transmission provider's transmission system to PacifiCorp, in MWh.

**CP (\$/MWh)** = the Contract Price.

**L (%)** = All losses billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services.

**e** = Published "All Items" Consumer Price Index (CPI) as a percentage preceding the year of the Effective Date, and adjusted each Adjustment Date.

**n** = The current year of any five (5) year term for the Monthly Transmission Rate in this Agreement. For example, for an Agreement effective in 2019, **n** shall equal the following: 2019 = 0, 2020 = 1, 2021 = 2, 2022 = 3 and 2023 = 4.

4. If under either Option 1 or Option 2 above, PacifiCorp is notified by the third-party transmission provider that the necessary LTF PTP transmission service request cannot be granted for the term requested, PacifiCorp shall promptly notify Seller and provide the supporting documentation received from the third-party transmission provider. Within thirty (30) days of receipt of such notice under this Section 4, and except as limited below, Seller shall elect one of the following:

- a. Seller will agree to amend the Agreement to (i) adjust the Scheduled Initial Delivery Date and the Scheduled Commercial Operation Date, if necessary, to align with the estimated date when LTF PTP transmission service is available; (ii) provide for Seller's reimbursement to PacifiCorp for any additional costs it may incur with the third-party transmission provider, including any additional network upgrade costs assessed to PacifiCorp by the third-party transmission provider; and (iii) adjust the Contract Price to reflect the change to the Scheduled Commercial Operation Date;
- b. Seller will terminate the Agreement and such termination by Seller shall not be an Event of Default and no damages or other liabilities under this Agreement will be owed by one Party to the other Party.

If PacifiCorp does not receive Seller's response within forty five (45) days following the date of PacifiCorp's notice to Seller under this Section 4, Seller shall be deemed to have elected clause (b) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Seller may not elect (a) above if the estimated date for availability of LTF PTP transmission service results in an anticipated Scheduled Commercial Operation Date that is more than thirty six (36) months following the Effective Date.

## Exhibit [X]

### Transmission Services for Excess Generation

1. ~~If~~ No later than seven (7) days after the Effective Date, ~~in response to~~ PacifiCorp's shall submit the request to designate the Facility as a network resource eligible for network integration transmission service under its Network Integration Transmission Service Agreement with PacifiCorp's transmission function ("DNR Request"). ~~If, in response to PacifiCorp's DNR Request~~, PacifiCorp is informed by PacifiCorp's transmission function that such network resource designation is contingent on PacifiCorp procuring transmission service from a third-party transmission provider, PacifiCorp shall notify Seller in writing within seven (7) days of receiving the DNR Request transmission study and provide Seller the transmission study or other documentation from PacifiCorp's transmission function that demonstrates the requirement.
  2. Within thirty (30) days following Seller's receipt of the notification and supporting materials contemplated in Section 1 above, Seller shall make one of the following elections in writing to PacifiCorp:
    - a. Seller shall agree to reimburse PacifiCorp for such third-party transmission service under Option 1 below; or
    - b. Seller shall request PacifiCorp to prepare a proposed Monthly Transmission Rate (as defined below) under Option 2 below for Seller's review; or
    - c. Seller shall terminate the Agreement, and such termination shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of its notification under Section 1 above, Seller shall be deemed to have elected clause 2.c. above and the Agreement shall immediately terminate with no further action of either Party.

3. If Seller timely elects to proceed under Option 1 or Option 2, PacifiCorp will promptly proceed to procure long-term firm, point-to-point transmission service, including ancillary services<sup>1</sup> ("LTF PTP"), beginning on the Scheduled Initial Delivery Date in an amount ~~deemed necessary to accommodate the full output of the Facility, as~~ determined through the transmission service request process as identified in Section 1 above ("Excess Generation"). Such LTF PTP transmission service will be procured from the applicable third-party transmission provider consistent with such transmission provider's Open Access Transmission Tariff ("OATT") or comparable pricing schedule for transmission services. Such LTF PTP transmission costs incurred by PacifiCorp will be reimbursed by Seller under either Option 1 or Option 2 below, as elected by Seller under Section 2 above. Once either Option 1 or Option 2 is elected by Seller, Seller may not change its election without

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<sup>1</sup> Ancillary services are those services including balancing services that are necessary to support the transmission of energy from resources to loads while maintaining reliable operation of the third-party transmission provider's transmission system in accordance with Good Utility Practice.

~~the express prior consent of PacifiCorp, except as provided under the Option 2 process described~~ prior approval of PacifiCorp which approval shall not be unreasonably withheld, conditioned, or delayed. Seller's obligation to reimburse PacifiCorp for the LTF PTP transmission costs it incurs under either Option 1 or Option 2 below shall not be excused due to any delays in the commercial operation of the Facility or the failure of the Facility to operate, due to events of Force Majeure or otherwise.

**Option 1 – Direct pass-through of actual costs.**

Seller agrees to pay all actual costs incurred by PacifiCorp to secure LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation, as determined by such transmission provider's OATT or comparable pricing schedule for transmission services. Seller compensates PacifiCorp for the actual costs PacifiCorp incurs one month in arrears through a netting of the LTF PTP transmission costs against the Contract Price payable by PacifiCorp each month under the Agreement. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

**Option 2 – Fixed forecasted costs.**

Within thirty (30) days following PacifiCorp's receipt of Seller's election under clause 2.b. above, PacifiCorp shall prepare and provide to Seller the proposed monthly fixed rate (the "Monthly Transmission Rate") that will be used to determine the monthly charge Seller pays to PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation, including materials supporting the calculation. The Monthly Transmission Rate will be calculated using the methodology described below.

Seller has thirty (30) days from the receipt of the proposed Monthly Transmission Rate to inform PacifiCorp whether it (a) elects to pay the transmission charges associated with this Option 2; (b) elects not to pay the transmission charges associated with this Option 2 and elects Option 1 instead; or (c) elects not to pay the transmission charges associated with this Option 2 and elects to terminate the Agreement. If PacifiCorp does not receive Seller's response within forty five (45) days following the delivery of the proposed Monthly Transmission Rate from PacifiCorp, Seller shall be deemed to have elected clause (c) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Such termination of the Agreement under this paragraph shall not be deemed an Event of Default and no Party shall have any further obligations or liability to the other Party relating to the Agreement.

If after reviewing the Monthly Transmission Rate Seller elects Option 2, Seller agrees to pay PacifiCorp the Monthly Transmission Rate to reimburse PacifiCorp for the costs it incurs in securing LTF PTP transmission service from the applicable third-party transmission provider for exporting Excess Generation. Seller pays

PacifiCorp the Monthly Transmission Rate one month in arrears through a netting against the Contract Price payable by PacifiCorp each month under the Agreement.

The Monthly Transmission Rate will be adjusted on each five (5) year anniversary of the Effective Date (each, an “Adjustment Date”), consistent with the methodology described below and as communicated in writing by PacifiCorp to Seller at least sixty (60) days prior to each five (5) year Adjustment Date, but no earlier than one hundred and eighty (180) days prior to such Adjustment Date. Eighteen (18) months prior to each five (5) year anniversary of the initial delivery date under this Agreement, PacifiCorp will reevaluate and, if necessary, adjust the amount of LTF PTP transmission capacity necessary to export the Excess Generation.

Option 2 Methodology for Calculation of Monthly Transmission Rate. The Monthly Transmission Rate shall be calculated as follows:

The **Monthly Transmission Rate** is the applicable point-to-point transmission service rate as posted in the third party transmission provider’s OATT or comparable pricing schedule for transmission services plus all applicable losses and ancillary service charges to be billed to PacifiCorp (the “Posted Rates”), as escalated based on the methodology described below; provided, however, that any Posted Rates of an applicable third-party transmission provider not shown below will also be included in the Monthly Transmission Rate, as escalated under the methodology described below. Posted Rates will be established and fixed as of the Effective Date for the first five (5) year period following the Effective Date, and thereafter re-established for any Adjustment Date no earlier than one hundred and eighty days prior to the upcoming Adjustment Date.

The Monthly Transmission Rate is comprised of four (4) components and will be calculated as follows:

$$\text{Monthly Transmission Rate} = \frac{((PTP^y \cdot A + SCD^y) \cdot x \cdot D) + (AC^y \cdot x \cdot V) + (L^y \cdot x \cdot V \cdot x \cdot CP)}{(1+e)^n} \cdot \underline{B + C + D}$$

Where:

A = Long-Term Firm, Point-to-Point Transmission Service (PTP), calculated according to the following formula:

$$A = \frac{((PTP \text{ RATE}_{n=0} \cdot (1 + e)^n) \cdot PTP \text{ MW})}{(1+e)^n}$$

B = Scheduling, Control and Dispatch Service (SCD), calculated according to the following formula:

$$B = \frac{((SCD_{n=0}) \cdot (1 + e)^n) \cdot PTP \text{ MW}}{(1+e)^n}$$

C = Balancing Service (BAL), calculated according to the following formula:

$$C = \frac{[BAL \cdot (1 + e)^n \cdot PTP \text{ MW}]}{(1+e)^n}$$

D = Losses (L), calculated according to the following formula:

$$D = \int L_{n=0} * CP * V$$

Where:

**PTP RATE (\$/kw-month)** = the applicable point-to-point ~~(PTP)~~ rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

**SCD (\$/kw-month)** = the applicable Scheduling, Control and Dispatch Charge ~~(SCD)~~ rate in the third party transmission provider's current OATT or comparable pricing schedule for transmission services;

~~D (PTP MW)~~ = the maximum delivery quantity, in MW, applicable under the Agreement; as determined in a transmission service request study prepared by PacifiCorp Transmission.

BAL = Variable energy resource balancing service is a balancing service cost applicable to wind and solar generating facilities. This cost, in \$/kW-month, are rates dependent upon signals and scheduling period of the wind or solar resource. BAL is typically the sum of regulating reserves, following reserves, and imbalance reserves but may vary by transmission provider.

y = The year of the Effective Date of the Agreement or each subsequent Adjustment Date, as the context requires;

~~AC (\$/MWh) = All ancillary service charges to be billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;~~

V (MWh) = the actual monthly generation delivery quantity ~~from Seller~~ exported over the third-party transmission provider's transmission system to PacifiCorp, in MWh, ~~applicable under the Agreement;~~

CP (\$/MWh) = the Contract Price;

L (%) = All losses billed to PacifiCorp by the third party transmission provider as defined and published in the third party's transmission provider's OATT or comparable pricing schedule for transmission services;

~~e = A percentage determined by applying each year following the Effective Date the average rate of change to the third party transmission provider's Posted Rates for the ten (10) years immediately~~ Published "All Items" Consumer Price Index (CPI) as a percentage preceding the year of the Effective Date, and adjusted each Adjustment Date. ~~PacifiCorp shall~~

~~determine the average rate of change based on publicly available information relating to the applicable third-party transmission provider;~~

**n** = The current year of any five (5) year term for the Monthly Transmission Rate in this Agreement. For example, for an Agreement effective in 2019, **n** shall equal the following: 2019 = 0, 2020 =1, 2021=2, 2022=3 and 2023=4.

4. If under either Option 1 or Option 2 above, PacifiCorp is notified by the third-party transmission provider that the necessary LTF PTP transmission service request cannot be granted for the term requested, PacifiCorp shall promptly notify Seller and provide the supporting documentation received from the third-party transmission provider. Within thirty (30) days of receipt of such notice under this Section 4, and except as limited below, Seller shall elect one of the following:
  - a. Seller will agree to amend the Agreement to (i) adjust the Scheduled Initial Delivery Date and the Scheduled Commercial Operation Date, if necessary, to align with the estimated date when LTF PTP transmission service is available; (ii) provide for Seller's reimbursement to PacifiCorp for any additional costs it may incur with the third-party transmission provider, including any additional network upgrade costs assessed to PacifiCorp by the third-party transmission provider; and (iii) adjust the Contract Price to reflect the change to the Scheduled Commercial Operation Date;
  - b. Seller will terminate the Agreement and such termination by Seller shall not be an Event of Default and no damages or other liabilities under this Agreement will be owed by one Party to the other Party.

If PacifiCorp does not receive Seller's response within forty five (45) days following the date of PacifiCorp's notice to Seller under this Section 4, Seller shall be deemed to have elected clause (b) of this paragraph and the Agreement shall immediately terminate with no further action of either Party. Seller may not elect (a) above if the estimated date for availability of LTF PTP transmission service results in an anticipated Scheduled Commercial Operation Date that is more than thirty six (36) months following the Effective Date.