

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 29, 2014**

REGULAR CONSENT EFFECTIVE DATE Upon Commission Approval

DATE: April 22, 2014

TO: Public Utility Commission

FROM: Brittany Andrus *BA*

THROUGH: Jason Eisdorfer, Maury Galbraith, and Aster Adams *J E M G A A*

SUBJECT: PACIFIC POWER: (Docket No. UM 1610/Advice No. 14-007) Revises Schedule 37, Avoided Cost Purchases from Qualifying Facilities of 10,000 KW or Less.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order declining PacifiCorp's request to have Advice No. 14-007 become effective on May 10, 2014, and opening an investigation into the filing. Staff also recommends that the Commission postpone ruling on PacifiCorp's request for a waiver of OAR 860-029-0040(4), which requires an avoided cost update filing within 30 days of integrated resource plan (IRP) acknowledgment.

DISCUSSION:

Issues, and Applicable Rule and Statute

On April 10, 2014, PacifiCorp d.b.a Pacific Power (Pacific or Company) filed Advice No. 14-007, revising Schedule 37, Avoided Cost Purchases from Qualifying Facilities (10,000 kW or less). This filing was made to satisfy two obligations: 1) to comply with Order No. 14-058 in Docket No. UM 1610, Investigation into Qualifying Facility Contracting and Pricing, required by April 25, 2014; and 2) to meet the Company's obligation to file avoided cost updates at least once every two years as required under ORS 758.525. The Company requests that this avoided cost update be based on its 2013 IRP, which is currently pending in Docket No. LC 57.

This filing also includes a request for the Commission to waive the requirement in OAR 860-029-0040(4) to file standard rates for purchases from qualifying facilities within 30 days of Commission acknowledgment of its IRP.

On April 17, the Renewable Energy Coalition (REC) filed a motion in Docket No. UM 1610 to suspend Pacific's Advice No. 14-007 and delay consideration until May 30, 2014. REC cites the voluminous nature of the filing at 781 pages, and the fact that several data requests have been issued that will require time for evaluation. REC also states that Pacific has made changes to Schedule 37 and the standard contract that are not a result of Order 14-058. Finally, REC's motion requests a "uniformity of approach" in the Commission's review of the compliance filing made by Pacific, and those to be filed by Idaho Power and Portland General Electric.¹

Analysis

Pacific's current Schedule 37 contains avoided costs that reflect a resource sufficient position through 2015, with a resource deficiency period beginning in 2016. This is consistent with the timing of the combined cycle combustion turbine (CCCT) identified for acquisition in the Company's 2011 Integrated Resource Plan (IRP).² The avoided costs in Advice No. 14-007 are based on a sufficiency period that ends in 2023 for both standard and renewable resources, based on the 2013 IRP that is currently pending acknowledgment. In addition, as required by Order No. 14-058, Schedule 37 includes standard and renewable avoided costs that reflect resources with different capacity contributions (baseload, wind, and solar). The schedule also includes different avoided costs and adjustments for transmission and wind integration, depending upon the location and type of the avoided resource. These substantial changes to the methodology, the input data, and the resulting avoided costs require additional time for review and analysis by Staff and by UM 1610 parties. For this reason, Staff recommends that the Commission investigate the filing before deciding whether to approve it.

Regarding the Company's application for a waiver of the requirement in OAR 860-029-0040(4) to file standard rates for purchases from qualifying facilities within 30 days of Commission acknowledgment of the IRP, Staff believes this request is premature because the Commission has not yet issued an acknowledgment. Staff recommends that the waiver application be addressed after an order in LC 57 is issued.

¹ PGE's Motion for Extension of Time for its compliance filing to May 30, 2014, was granted on April 17.

² The all-source RFP resulting from this 2011 IRP action item was subsequently cancelled (Docket No. UM 1540).

Regarding the Company's request to use the 2013 IRP data and assumptions prior to acknowledgment of the plan rather than using outdated information from the 2011 IRP, Staff concurs that basing the avoided costs on the 2013 IRP is preferable. However, an order in Docket No. LC 57 is likely forthcoming. Assuming the order is issued in a timely manner, the question of whether data in an unacknowledged plan can be used to update avoided costs could be moot. Because Staff recommends further proceedings regarding Pacific's Advice No. 14-007, and because an order in Docket No. LC 57 is forthcoming, Staff does not believe that it is necessary to address at this point whether it is appropriate to use data from an unacknowledged IRP prior to acknowledgment.

Conclusion

Pacific's Schedule 37 filing merits further analysis due to the scope of the changes included in the filing, which go beyond those required by Order No. 14-058. The Company's request for a waiver of OAR 860-029-0040(4) does not need to be addressed at this time. If the Commission accepts the recommendation to investigate the filing, the question regarding the use of the 2013 IRP that is pending acknowledgment will likely be mooted during the investigation period.

PROPOSED COMMISSION MOTION:

The Commission open an investigation into Pacific Power's Advice 14-007, revising Schedule 37, Avoided Cost Purchases from Qualifying Facilities of 10,000 kW or less, and decline to allow the filing to become effective on May 10, 2014. Pacific Power's application for a waiver of OAR 860-029-0040(4) be addressed subsequent to the issuance of an acknowledgment order in Docket No. LC 57.