

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 19, 2024**

REGULAR X **CONSENT** _ **EFFECTIVE DATE** January 1, 2025

DATE: December 10, 2024

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore, Scott Gibbens, and Curtis Dlouhy **SIGNED**

SUBJECT: IDAHO POWER COMPANY, PACIFIC POWER, PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2111)
In the Matter of Compliance with Phase 1 Updates to Division 82 Small Generator Interconnection Rules.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission) approve Small Generator Interconnection Agreements (SGIA) compliance filings made by Idaho Power Company (IPC), Pacific Power (PacifiCorp), and Portland General Electric (PGE) as compliant with Order 24-068 with minor modifications.

DISCUSSION:

Issue

Whether the Commission should approve updates to SGIA as proposed by the three utilities: IPC, PacifiCorp, and PGE, collectively the Joint Utilities (JU).

Applicable Rule or Law

OPUC has adopted rules and policies for how large and small Oregon-jurisdictional generators, i.e., Qualifying Facilities (QFs), interconnect under the Public Utility Regulatory Policies Act (PURPA) and Oregon law.

In 2009, the Commission adopted OAR Division 82 of Chapter 860 Small Generator Interconnection Rules, which outline the interconnection requirements for

Oregon-jurisdictional generators up 10 MW in size.¹

In Order No. 24-068 the Commission adopted new rules and amendments to existing Division 82 interconnection rules for small generators.

Analysis

In Order No. 24-068 the OPUC adopted new rules for interconnection for small generators, those under 10 MW. To incorporate the required changes, the JU focused first on updating their interconnection handbooks in August.

Following the update to handbooks, the JU filed updates to their SGIA's to reflect the Commission's new rules. PGE filed on September 26, 2024, IPC filed on October 15, 2024, and PacifiCorp filed on October 21, 2024.

Oregon Solar + Storage Industries Association (OSSIA) filed comments on November 6, 2024. The Community Renewable Energy Association (CREA) and the Renewable Energy Coalition (Coalition), collectively the Interconnection Trade Associations (ITA), filed joint comments on November 6, 2024, as well. The JU filed reply comments on November 20, 2024.

Staff has reviewed the filings, as well as the comments. The remainder of this memo summarizes and responds to concerns raised by stakeholders.

Article 3.2 Term of Agreement

The Commission's new rules for small generator interconnections provide generators flexibility to align the duration of their interconnection agreement with the duration of their power purchase agreement (PPA).

Upon reviewing the JU language surrounding SGIA term length, the ITA raised concerns with the phrasing, considering it confusing.² The JU's proposed SGIA's states:

3.2 Term of Agreement.

The Agreement will be effective on the Effective Date and will remain in effect for a period of twenty (20) years¹ unless terminated earlier by the default or voluntary termination by the Interconnection Customer or by action of the Commission.

¹ *In the Matter of Public Utility Commission of Oregon Staff's Investigation Relating to Electric Utility Purchases from Qualifying Facilities*, Docket No. UM 1129, Order No.07-360 (Aug. 20, 2007).

² See ITA comments at p. 4.

1 [Note to Draft: Applicants may request a shorter term. For Applicants with a power purchase agreement (“PPA”) with PacifiCorp, the term of the Agreement should be the same as the term of the PPA and may be longer than 20 years.]

In response, the ITA proposed replacing the verbiage with a check-box approach:

3.2 Term of Agreement

This Agreement will be effective on the Effective Date and will remain in effect until (Interconnection Customer to select one option with an X):

___ 20 years after the Effective Date;

___ The date the power purchase agreement for the facility expires

*this option available if the Interconnection Customer and the public utility have entered a separate power purchase agreement;

-Or-

___ _____ 20 ___
(month) (day) (year)

*Date to be chosen by Interconnection Customer, provided such date may not be later than the dates that would result in the options above.

The JU do not oppose such an approach but believe there should be a date certain specified if the interconnection customer selects the option tied to the expiration of the power purchase agreement (PPA). Their argument requiring the customer and utility to refer to a separate contract could be confusing, and lead to disputes. They propose the following for the second checkbox, with the additional language highlighted:

“the date the power purchase agreement for the facility expires, **which is [insert date].**”

Stakeholders raised concerns that including a specific date in the SGIA could cause issues the PPA term starts later than initially planned due to delays in the interconnection process. In such a case the interconnection agreement could end prior to the end of the PPA, which could adversely impact the interconnection customer. Stakeholders are concerned that updating the SGIA expiration date to match a change in a PPA will be met with resistance from the utility.

Staff recognizes the concerns raised by the JU that not having a specific date included could lead to confusion. Staff believes the concerns raised by the ITA are addressed by Commission rule [860-082-0030](#)(3), which provides:

Before beginning operation of a small generator facility, an interconnection customer or applicant must receive approval of the facility under the small generator interconnection rules and must execute an interconnection

agreement with the interconnecting public utility. Applicants or interconnection customers are entitled to a 20-year term for an interconnection agreement, or if the interconnection customer and the public utility have entered a separate Power Purchase Agreement for a specified period of time, to a term that coincides with the length of such Power Purchase Agreement.

In an effort to be responsive to the ITA and JU's concerns, Staff recommends using the ITA's proposed language with the following modification in grey:

3.2 Term of Agreement

This Agreement will be effective on the Effective Date and will remain in effect until (Interconnection Customer to select one option with an X):

20 years after the Effective Date;

For Interconnection Customers that have executed a power purchase agreement with the interconnecting public utility, the date the power purchase agreement for the facility expires, **which is [insert date]**. This date is subject to change as provided in OAR 860-082-0300(3) if the end-date of the power purchase agreement changes, as such interconnection customers are entitled to a term for the interconnection agreement that coincides with the length of the power purchase agreement.

-Or-

_____ 20____
(month) (day) (year)

*Date to be chosen by Interconnection Customer, provided such date may not be later than the dates that would result in the options above.

Nameplate Rating

The ITA also raised concerns related to "Nameplate Rating", a newly defined term included in the updated Division 82 rules. These concerns include:

1. The JU need to include the term's definition in the SGIA;
2. IPC's use of "Nameplate Capacity" instead of "Nameplate Rating"

The JU response argues on the first issue that other terms are not defined in the SGIA, so, while not opposing such a requirement are not sure why it should be required.³ For the second issue they state the use of Nameplate Capacity instead of Nameplate Rating

³ See JU reply comments, p. 3, lines 12-14, do not necessarily oppose including the specific rule definition in the agreement, there are no other defined terms in the SGIA, so it is unclear why the definition of Nameplate Rating needs to be included in the SGIA.

was in error and will be fixed.

PGE's SGIA includes a definition of Nameplate Rating but does not include important details from the updated definition in the rules. Therefore, the JU also proposed wording changes to make the definition already in PGE's SGIA clearer by adding the underlined portion:

Nameplate Rating for the Facility

The Applicant has proposed, and Portland General Electric has reviewed and approved a generation and/or storage facility to be interconnected to the distribution system at:

Location: {data: Latitude}, {data: Longitude}

PGE has approved a facility with the following capacity specifications:

1. Generation Facility Details
2. Total Generator Capacity (kW AC)
3. Total Energy Storage Capacity (kW AC)

For a generating unit that uses an inverter to change direct current energy supplied to an AC quantity, the Nameplate Rating will be the manufacturer's AC output rating for the inverter(s).

Given the fundamental change in determining size based on the rating, as opposed to the Nameplate Capacity, Staff believes it would be appropriate for the JU's SGIA's to include the definition of Nameplate Rating, which would improve transparency. The definition could be easily inserted as a footnote the first time the term is used, along with a citation for the OAR where it is defined. Staff is also supportive of PGE's offer to update its definition. However, Staff still feels PGE should include the OAR definition as a footnote for consistency across utilities.

Appropriate References

PacifiCorp's SGIP includes a section that includes the language of all relevant OARs, as articles, such as Article 0030(5). This has been in place since the 2020 updates to incorporate cluster studies. The ITA and OSSIA raise concerns that the Company references the rule language by pointing to this section of their SGIP, rather than pointing directly to the OAR.

Staff compared PacifiCorp's Articles at question with the OARs and found them to be the same and there are no issues with updated rule language not being reflected. In the future it may be appropriate to align the PacifiCorp SGIA to the OARs, but that is

outside of the scope of a compliance filing.

IPC's Article 6

ITA raise concerns about the removal of IPC's Article 6 of the SGIA that relates to insurance requirements. The JU response describes Article 6 as duplicative of Article 6.1, stating the removal "in no way changes the substantive language in the SGIA."

Staff reviewed the two paragraphs at issue here and believes Article 6.1 may be more limiting than Article 6 as related to insurance. In Order 05-584 the Commission ruled that utilities could not require liability insurance on generators with Nameplate Capacity of 200 kw or less, which was reflected in IPC's Article 6. Language in Article 6.1 appears to be more limiting, which states the utility:

...may not require the Interconnection Customer to maintain general liability insurance in relation to the interconnection of a Small Generator Facility with an Electric Nameplate Capacity of 200 KW or less.

Staff believes the phrase "in relation to the interconnection" is more limiting than the general language in Article 6. Staff recommends the Commission direct IPC to include the original Article 6, and if duplication is an issue, remove Article 6.1.

Consistent SGIAs among utilities

OSSIA argues that the utilities should have aligned SGIAs, more standardized forms to ease issues with contractors working across utilities. Concerns raised include:

1. Different sequences and agreement lengths (PGE uses a letter sequence, with PacifiCorp using numbers).⁴
2. Different requirements related to one-line diagrams, with PacifiCorp wanting the design as proposed, PGE wanting the design upon project completion.⁵
3. Signature blocks in different order, with PGE having the applicant block at the top, followed by the Company signature block; while PacifiCorp's signature blocks are reversed, Company at the top, Interconnection Customer at the bottom.⁶

The JU respond that arguments for consistency across the utility SGIA's are out of scope in a compliance document. They also argue in relation to concern two above, that PGE has made no changes to their current process, although an "inclusion of the as-built supplement can be facilitated through a formal amendment to the SGIA."⁷

⁴ See OSSIA comments, p. 2.

⁵ See OSSIA comments, p. 2.

⁶ See OSSIA comments, p. 2.

⁷ See JU reply comments, p. 6, lines 5-6.

Staff agrees that consistency is beneficial for PUC review and interconnection customers understanding. However, Staff also agrees that this is outside the scope of the compliance filing and does not recommend changes to the SGIA's at this time. Staff believes inclusion of an as-built supplement should address OSSIA's concerns and makes no further recommendations.

OSSIA also asked for clarification about several items, including:

1. Whether Critical Milestones will be declared for residential projects.
2. Conflicts in PGE's Attachment D and language in Attachment G.
3. Periodic maintenance requirements in PGE's Attachment D instead of Attachment G.

In response to the first requested clarification, the JU respond that milestones will be project specific. As for confusion between PGE's Attachments D and G, PGE is willing to move the periodic maintenance schedule from Attachment D to Attachment G.

Staff agrees that the first clarification request is out of scope. For the remaining issues, Staff believes the JU proposal should address concerns raised.

Conclusion

Staff believes the compliance filings submitted by the three utilities address the new requirements of Division 82 and 39, with some minor changes. Changes for all utilities include:

1. Change Article 3.2 Term of Agreement to the check box approach proposed by the ITA, with the second option as follows:

“for Interconnection Customers that have executed a power purchase agreement with the interconnecting public utility, the date the power purchase agreement for the facility expires, **which is [insert date].**” This date is subject to change as provided in OAR 860-082-0300(3) if the end-date of the power purchase agreement changes, as such interconnection customers are entitled to a term for the interconnection agreement that coincides with the length of the power purchase agreement.”

2. Include the definition of “Nameplate Rating” in the SGIA, either stand-alone, or as a footnote when the term is first used.

Utility specific change recommended:

For IPC:

3. Restore Article 6, and delete Article 6.1 as redundant.
4. Change “Nameplate Capacity” to “Nameplate Rating” throughout the SGIA.

For PGE:

5. Add the following language, as proposed, to Attachment A:
“For a generating unit that uses an inverter to change direct current energy supplied to an AC quantity, the Nameplate Rating will be the manufacturer’s AC output rating for the inverter(s).”
6. Move the periodic maintenance schedule from Attachment D to Attachment G.

PROPOSED COMMISSION MOTION:

Approve the compliance filings, subject to the minor modifications 1-6 proposed in this Staff report.