BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER THE PUBLIC UTILITY COMMISSION OF OREGON Investigation Into Qualifying Facility Contracting and Pricing	)))))))))))	DOCKET NO. UM 1610 PHASE II COMMENTS OF THE COMMUNITY RENEWABLE ENERGY ASSOCIATION, RENEWABLE ENERGY COALITION, AND NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION

I. INTRODUCTION

In response to Oregon Public Utility Commission's ("OPUC" or "Commission") Order No. 16-417, the Community Renewable Energy Association, the Renewable Energy Coalition and the Northwest and Intermountain Power Producers Coalition (jointly "Joint QF Parties") respectfully submit these comments on the right for renewable pricing for qualifying facilities ("QF") ineligible for PacifiCorp's standard avoided cost prices. In Order No. 16-417, the OPUC requested comments in response to OPUC Staff's position that PacifiCorp's proposed revisions to its Schedule 38 unreasonably prohibit access to renewable pricing for QFs ineligible for standard rates, which at this point includes any non-solar QF with a nameplate capacity in excess of 10 megawatts ("MW") and any solar QF with a capacity in excess of 3 MW.

For the reasons explained herein, the Joint QF Parties agree with Staff that the OPUC should affirm that renewable pricing is available for larger QFs that agree to convey renewable

portfolio standard ("RPS") attributes. PacifiCorp essentially asks the Commission to resolve an enormously important policy question through a strained (and incorrect) reading of procedural rules regarding compliance filings. Instead of clearly asking the Commission to rule on a proposal to take away the renewable avoided cost rate for large QFs, PacifiCorp attempted to sneak a large policy change past the parties and the Commission through vague, ambiguous, and contradictory testimony and pleadings.

Above all else, the Commission should reject attempts to erect procedural barriers to resolution of the critical policy dispute at issue, and conclude there is no logical basis in the record in this case or any of the Commission's orders to limit renewable pricing to the smallest QFs. The Commission could be resolving whether renewable rates are available to any renewable QF, because PacifiCorp has attempted to effectively eliminate standard rates for wind and solar QFs in the past and may do so again in the future. Accordingly, the Commission should direct PacifiCorp to revise its compliance filing to acknowledge the right to renewable pricing for QFs that are too large to receive standard rates.

The Commission should also consider the practical impact of adopting PacifiCorp's proposal, which would ensure that only the smallest independent power producers can sell renewable power to offset the PacifiCorp's RPS compliance requirements. At the same time that SB 1547 has effectively doubled the need to acquire renewable energy, PacifiCorp wants to reduce the options for it to buy renewable energy by ensuring that large QFs can only sell power through a non-renewable rate. This only makes sense if either PacifiCorp wants to make it more

difficult for it to meet its RPS goals, or if the Company wants to make sure that those goals are only met with utility-owned generation.

II. BACKGROUND

A. The Federal Energy Regulatory Commission's Rules

The mandatory purchase provisions of the Public Utilities Regulatory Policies Act of 1978 ("PURPA") require electric utilities to purchase energy and capacity produced by cogenerators or small power producers that obtain status as a QF. 16 U.S.C. § 824a-3(a)(2). The price PURPA section 210(b) requires the utilities to pay to QFs in exchange for their output is termed the "avoided cost rate," which is "the incremental costs of alternative electric energy" or "the cost to the electric utility of electric energy which, but for the purchase from such cogenerator or small power producer, such utility would generate or purchase from another source." 16 U.S.C. § 824a-3(d). While any small power production QF up to 80 MW must be provided the full avoided costs, states may also require utilities to offer pre-calculated "standard rates" to smaller QFs up to a state-set eligibility cap for such standard rates. 18 CFR § 292.304(c). Federal law directs the state public utility commissions to implement Federal Energy Regulatory Commission's ("FERC") PURPA regulations. 16 U.S.C. § 824a-3(f); *see also* ORS 758.505 *et seq.*

In 2010, FERC clarified that states could provide different avoided cost rate options, including a renewable avoided cost rate available for QFs that enable the purchasing utility to avoid the state's renewable procurement requirements. *Cal. Pub. Util. Comm'n*, 133 FERC ¶

61,059 (Oct. 21, 2010), *reh'g denied*, 134 FERC ¶ 61,044 (Jan. 20, 2011). In *Cal. Pub. Util. Comm'n*, the California Public Utilities Commission ("CPUC") requested clarification that the "'full avoided cost' *need not be the lowest possible avoided cost* and can properly take into account real limitations on 'alternate' sources of energy imposed by state law." 133 FERC ¶ 61,059, at P 21 (emphasis added). The CPUC explained that California had enacted a state law, titled AB 1613, that required California utilities to procure a specified amount of energy and capacity from combined heat and power ("CHP") facilities that met stringent efficiency standards. The CPUC questioned "whether it may implement a two-tiered rate structure, where AB 1613-compliant QFs receive rates based on higher, long-run avoided cost rates reflecting more stringent efficiency standards, and non-AB 1613 compliant QFs continue to receive rates based on lower short-run avoided costs." *Id.*

FERC agreed with the CPUC that the avoided cost *need not be the lowest possible avoided cost* and declared that a state utility commission can implement higher avoided cost rates for QFs that allow the utility to avoid costs of compliance with a state procurement law. This is so because "a state may properly look at the actual sources of capacity and/or energy available to the electric utility, rather than at some theoretical source, which is not permitted by state law, that may be cheaper." 134 FERC ¶ 61,044, at P 30. "[W]here a state requires a utility to procure a certain percentage of energy from generators with certain characteristics, generators with those characteristics constitute the sources that are relevant to the determination of the utility's avoided cost for that procurement requirement." 133 FERC ¶ 61,059, at P 27.

B. The OPUC's Implementation of Renewable Avoided Cost Rates

The OPUC promptly requested comment on whether it should change its PURPA implementation in response to FERC's declaration in *Cal. Pub. Util. Comm'n*. *See* Order No. 10-488 at 9. In the ensuing proceeding in UM 1396, "[t]he concept of a renewable resource avoided cost option [wa]s broadly supported among the parties." Order No. 11-505 at 2. There was no suggestion that the renewable avoided cost option should be limited to only the smallest QFs. In fact, PacifiCorp argued that the renewable rate option should be the *only option* available to renewable QFs at times when the renewable avoided cost is lower than the non-renewable avoided cost. *Id.* at 9.

The Commission adopted a separate renewable avoided cost rate. The Commission stated, "[b]ecause ORS Chapter 469A requires that electric utilities meet a renewable portfolio standard through the acquisition of renewable energy credits (RECs) associated with qualifying renewable generation resources, a properly designed renewable energy avoided cost rate for renewable resources would comply with PURPA." *Id.* at 4. The Commission unequivocally rejected PacifiCorp's proposal to limit the options available to QFs, stating "[r]enewable QFs willing to sell their output and cede their RECs to the utility allow the utility to avoid building (or buying) renewable generation to meet their RPS requirements. These QFs should be offered

an avoided cost stream that reflects the costs that utility will avoid." *Id.* at 9. The order placed no limits on access to the renewable prices for larger QFs.[1]

C. The Commission's Phase II of UM 1610 Order

In Phase II of UM 1610, the Commission addressed the methods used to calculate non-standard avoided cost rates. The Commission authorized PacifiCorp to "use its Partial Displacement Differential Revenue Requirement (PDDRR) method to determine a starting point for non-standard contract avoided cost price negotiations," and directed PacifiCorp to "open access to its production cost model (GRID) and provide training and technical assistance upon request." Order No. 16-174 at 2. However, the Commission did not adopt PacifiCorp's proposal wholesale; instead, it directed all three utilities, including PacifiCorp, to "set the floor for non-standard avoided cost prices at the wholesale power price forecast that is used to set sufficiency period avoided cost prices in standard QF contracts." *Id.* at 23; *see also* Order No. 16-337 at 6

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[1] Notably, other states have also implemented renewable rates for larger QFs in the time since *Cal. Pub. Util. Comm'n*. For example, in Montana, large QFs have been provided the option of selling at a rate that includes a carbon adder if the contract conveys the environmental attributes to the utility. *See In the Matter of the Petition of Greycliff Wind Prime, LLC to Set Contract Terms and Conditions for a Qualifying Small Power Production Facility*, Montana Public Service Comm'n. Docket No. D2015.8.64, Order No. 7436d, at PP 28-32 (Sept. 16, 2016) (setting rates for 25 MW wind QF with market prices containing a carbon adder because the QF agreed to convey environmental attributes); *In the Matter of the Petition of NorthWestern Energy to Set Terms and Conditions of Contract Between NorthWestern Energy and Greenfield Wind, LLC*, Montana Public Service Comm'n. Docket No. D2014.4.43, Order No. 7347a, at P 28, 2015 Mont. PUC LEXIS 30 (April 14, 2015) (setting avoided costs for a 25 MW wind QF and concluding, "Based on the circumstances of this case and the range of avoided cost estimates shown in the record, the Commission finds that the levelized rate agreed to in the Stipulation for Greenfield's energy, capacity *and RECs* is just and reasonable to NorthWestern's customers, in the public interest and not discriminatory." (emphasis added)).

("We reaffirm that we find the market price to be the appropriate floor for the minimum avoided cost rate paid during a sufficiency period").

Additionally, the Commission retained the pre-existing methodology for calculation of non-standard rates for Portland General Electric Company ("PGE"), which utilizes the next avoidable resource in the integrated resource plan ("IRP") as the starting point for rate calculations during the renewable and non-renewable deficiency periods.

D. PacifiCorp's Compliance Filing Argument

Even though no Commission order has provided any basis to limit availability of renewable prices to the smallest QFs, PacifiCorp's compliance filing in Phase II of UM 1610 appears to provide no option for renewable prices for QFs above the eligibility cap for standard rates. Moreover, PacifiCorp recently succeeded in convincing the Commission to lower the eligibility cap to 3 MW for solar QFs – which means that under PacifiCorp's proposal any solar QF sized over 3 MW may only sell its output at the "*lowest possible avoided cost*"[2] developed primarily with fossil fuel inputs.[3] PacifiCorp appears to claim that the Commission's approval of a computer modeling methodology as a basis to calculate the starting point for non-standard rates implicitly overruled Order No. 11-505 and the right for QFs to sell at renewable pricing. In fact, it now appears from PacifiCorp's arguments that Order No. 16-174 eliminated renewable prices for large QFs selling to PacifiCorp while leaving them in place for PGE, which does not use PDDRR – all with no explanation as to why.

[2] *Cal. Pub. Util. Comm'n*, 133 FERC ¶ 61,059 at P 21.
[3] PacifiCorp had proposed 100 kW for wind and solar.

Staff appropriately recommended that PacifiCorp's approach be rejected. Staff's memorandum correctly noted that Order No. 11-505 requires a renewable avoided cost option, and there is "no indication in Order No. 16-174 that the Commission intended to rescind its decision on the availability of renewable avoided cost prices for non-standard QFs." Order No. 16-417, App. A at 5.

The Commission determined to obtain additional written positions and hold an additional public meeting on the important policy question raised by PacifiCorp's position.

III. ARGUMENT

A. The Commission Should Promptly Reaffirm Its Policy that Renewable Pricing Is Available to Oregon QFs Who Sell Energy, Capacity, and RPS Attributes.

The policy question at issue is very important. The Commission already determined promptly after FERC's *Cal. Pub. Util. Comm'n* decision that Oregon QFs electing to sell renewable energy should receive full compensation through renewable prices. PacifiCorp appears to assert that this policy was implicitly overruled only with regard to QFs ineligible for standard rates even though the Phase II UM 1610 orders provide no explanation of why the Commission should reverse course on this point. Simply put, the Commission's extant orders provide no legitimate policy basis to compensate small renewable QFs for their renewable attributes, but not to offer larger renewable QFs for their renewable attributes. PacifiCorp itself has articulated no policy basis for such a distinction. The record and the orders are therefore devoid of any reason to change the Commission's policy adopting the *Cal. Pub. Util. Comm'n* decision in Oregon for all QFs that can sell energy that complies with ORS Chapter 469A. If

nothing else, therefore, now that PacifiCorp has put the question in issue, the Commission should conclusively resolve this important policy question regarding access to renewable rates.

PacifiCorp's argument ignores the forest for the trees. It focuses solely on how its compliance filing fits within the arguments PacifiCorp made in Phase II UM 1610, which, along with statements made in Staff's testimony, PacifiCorp asserts were somehow implicitly incorporated by reference into Order No. 16-147 to implicitly overrule Order No. 11-505. But PacifiCorp has never actually addressed the policy question of why it is reasonable to restrict larger QFs to the "*lowest possible avoided cost*"[4] while offering significantly more to smaller QFs. This question has never been raised in this or any other proceeding, and the Commission should take a step back and avoid getting lost in PacifiCorp's procedural arguments.

On the merits of the issue, the Commission should retain its policy that renewable prices should be made available to non-standard QFs in Oregon. The Commission's policy to offer a renewable rate option to QFs has become an important part of its implementation of PURPA. The actual rates calculated under the new renewable rate option were not put into effect until three years after issuance of Order No. 11-505 during the compliance filings in Phase I of UM 1610.[5] However, since that time, the renewable rates have become essentially "the only game in town" for QFs, or indeed for any independent power producers. Since the issuance of Order No.

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4 *Cal. Pub. Util. Comm'n*, 133 FERC ¶ 61,059 at P 21.

5 The utilities' renewable rates were initially proposed in UM 1396 within 60 days of Order No. 11-505, but not finally put into place until 2014, as modified after contested case proceedings and workshops to address objections to the initial proposals. *See* Order No. 14-435 (Dec. 14, 2014) (approving PGE's renewable rates for the first time); Order No. 14-295 (Aug. 19, 2014) (approving PacifiCorp's renewable rates for the first time).

11-505, the electric markets have experienced extremely low gas prices and low wholesale market prices which form the basis for the non-renewable avoided cost rates. In other words, the "*lowest possible avoided cost*"[6] developed primarily with fossil fuel powered inputs has become extremely low. Additionally, PacifiCorp does not voluntarily enter into long-term contracts with independent power producers of any size or resource type, making the renewable rates available to QFs critically important. Retention of the policy is especially important for relatively small generators, such as 4 MW solar QFs and existing generators with expiring contracts who will be ineligible for PacifiCorp's standard rates.

B. The Commission Did Not Lawfully Overrule Order No. 11-505 Because It Has Not Provided a Reasoned Explanation.

The Commission cannot lawfully overrule Order No. 11-505 by implication. As noted above, Order No. 11-505 states it is reasonable to provide renewable rates to QFs that supply renewable attributes. There is no basis to conclude that the renewable rates were limited to small QFs eligible for standard rates. Therefore, any lawful departure from that prior policy may only occur after a careful explanation.

It is black letter law that an administrative agency acts arbitrarily when it departs from its precedent without giving good reason. The seminal decision on this basic rule of administrative law is *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.,* 463 U.S. 29, 43-57, 103 S. Ct. 2856 (1983), where the U.S. Supreme Court held that the National Traffic and Safety Administration unlawfully rescinded its requirement for use of passive restraint systems in

[6] *Cal. Pub. Util. Comm'n*, 133 FERC ¶ 61,059 at P 21.

automobiles because it provided an inadequate explanation to change course. Agencies may of course lawfully change policies. "If an agency decides to change course, however, we require it to supply a reasoned analysis indicating that prior policies and standards are being deliberately changed, *not casually ignored*." *Williams Gas Processing-Gulf Coast Co., L.P. v. FERC*, 475 F.3d 319, 326 (DC Cir 2006) (citing, among others, *Motor Vehicle Mfrs. Ass'n,* 463 US at 57) (emphasis added).

Oregon courts apply this rule, which is written into Oregon's Administrative Procedures Act. *See* ORS 183.482(8)(b)(B) (court shall remand order that is "[i]nconsistent with an agency rule, an officially stated agency position, or a prior agency practice, *if the inconsistency is not explained by the agency*" (emphasis added)). Under this provision, Oregon courts have required a "rational explanation" for a different outcome in two proceedings touching on the same issue. *Moki, Inc. v. Oregon Liquor Control Comm'n.,* 68 Or. App. 800, 803, 683 P.2d 159 (1984); *see also Fister v. South Hills Health Care*, 149 Or. App. 214, 218-19, 942 P.2d 833 (1997), *rev den*, 326 Or. 389, 952 P.2d 62 (1998) (where the agency's own precedents established that it would consider only those issues raised by the parties before the hearing officer and where the agency did not set forth an adequate reason for deviating from that well-established practice, the agency erred in considering an argument not made before the hearing officer).

Order No. 16-174 did not state that it abolished the renewable avoided cost rate for *any* QFs selling to PacifiCorp. Nor did it provide a reasoned explanation that would support doing so. With respect to non-standard rates, the order merely provides: "[w]e agree this GRID model-

based method more accurately values *energy* and *capacity* on PacifiCorp's system . . . . " Order No. 16-174 at 23 (emphasis added). The order is silent on valuation of renewable attributes. But silence does not resolve an issue. *Cascade Forest Prods. v. Accident Prev. Div.,* 60 Or App 255, 260, 653 P.2d 574 (1982) (prior order was not *res judicata* on issue where it made no findings or conclusions on that issue). And silence is not a reasonable or lawful mechanism by which to change course from the determination in Order No. 11-505 that "[r]enewable QFs willing to sell their output and cede their RECs to the utility allow the utility to avoid building (or buying) renewable generation to meet their RPS requirements [and] should be offered an avoided cost stream that reflects the costs that utility will avoid." Order No. 11-505 at 9.

In sum, Order No. 16-174 contains no explanation of why renewable rates should now be less available than in Order No. 11-505, and therefore it could not have lawfully changed the right to renewable pricing afforded to all renewable QFs by that prior order.

C. PacifiCorp's Procedural Arguments Are Misplaced.

The Joint QF Parties maintain that PacifiCorp's procedural arguments stand as no obstacle to the Commission addressing the merits of the policy question at issue, but PacifiCorp's procedural arguments fail even if they could forestall consideration the merits of the important policy question.

At the outset, PacifiCorp's reliance on filings in Phase II UM 1610 overlooks that access to the renewable rates for non-standard QFs became a more significant issue *after* parties filed testimony in Phase II UM 1610. When parties were debating the proper method to calculate

non-standard rates in Phase II UM 1610, the eligibility cap remained at 10 MW for all QFs. The Commission did not issue its interim Order No. 15-241 in UM 1734 lowering the cap for solar QFs until August 14, 2015, about a week *after* the last round of testimony in UM 1610 Phase II. The lowering of the eligibility cap made the access to, and method of calculating non-standard rates far more significant since now solar QFs as small as 4 MW must use the non-standard rate method. In fact, Staff's position that PacifiCorp "be *conditionally* allowed to use a computer based model to calculate negotiated avoided costs" for non-standard rates in Phase II UM 1610 "assumes that the 10 MW eligibility cap is in place" and "[i]n the event that the cap is lowered, this position may be changed." UM 1610 Staff/600, Andrus/22 (emphasis added). Thus, the facts in existence at the time of the filings and testimony PacifiCorp relies upon are different from the facts in existence now, and access to non-standard *renewable* rates is far more important today.

Furthermore, PacifiCorp's reliance on Staff's testimony is unpersuasive. PacifiCorp points to Staff's statement in testimony that it did not think the utility had to offer renewable rates to the non-standard QFs. This statement, however, is irrelevant to the matter at hand because it was not adopted as a finding or conclusion of the Commission in the final order. A statement in a party's testimony does not become binding Commission policy absent an order stating and endorsing the statement.

PacifiCorp also suggests that the Commission could look to PacifiCorp's testimony and filings to understand the policy the Commission must follow because the Commission accepted

PacifiCorp's PDDRR method. But that argument is wrong for at least three reasons. *First*, as noted above, the Commission must clearly articulate its directives in its orders – not simply cross reference a sprawling set of filings by PacifiCorp as the Commission's formal policy. Oregon statutes require the Commission to issue a final order with findings of fact and conclusion of law, ORS 756.558(2), not to implicitly incorporate by reference unidentified portions of the filings by one party in a proceeding. *See McCann v. Oregon Liquor Control Comm'n*, 27 Or App 487, 502, 556 P.2d 973 (1976), *rev den* 277 Or 99 (1977) (holding agency "is free to adopt that policy or any other which reasonably advances the legislative purposes, but it must do so explicitly so that it can be applied evenly by staff, applicants, judicial reviewers and all other interested parties").

Second, Order No. 16-174 did not adopt PacifiCorp's proposal in its entirety, as PacifiCorp suggests. For example, the order specifically adopted the market pricing floor proposed by the Oregon Department of Energy, which was directly opposed by PacifiCorp. The order contains no statement that it simply adopted all of PacifiCorp's positions, nor did it cite to any document where one might easily locate those positions.

Third, the totality of the testimony and briefing in both UM 1610 and UM 1734 do not support PacifiCorp's interpretation of the evidence. While PacifiCorp points to pieces of testimony that suggest that it is unclear whether the PDDRR methodology calculates a renewable rate,[7] at no point did PacifiCorp clearly explain in any docket that it was proposing to eliminate

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[7] PacifiCorp's Response Comments to Staff Report at 2 (Oct. 24, 2016).

the renewable rate for QFs above the standard contract size threshold. The fact that no party or the Commission addressed the issue demonstrates that no one other than PacifiCorp was aware that it was attempting to foreclose the opportunity for renewable QFs to sell renewable power to PacifiCorp.

PacifiCorp's testimony in UM 1734 makes it even more clear that PacifiCorp was attempting to "hide the ball" and effectuate a major policy change without informing the parties or the Commission about the change. PacifiCorp proposed to lower the size threshold for standard contracts for wind and solar QFs to 100 kW, which essentially includes all wind and solar QFs. PacifiCorp never informed or even suggested to the Commission that its proposal would take away a wind or solar QF's ability to sell renewable power. Instead, PacifiCorp essentially stated the opposite when it explained that "a lower cap will ensure that avoided cost rates reflect the project-specific operating characteristics as compared to the proxy resource, whether *standard or renewable*" and that the main purpose of the change was to "ensure that project-specific characteristics for wind and solar QFs are captured and reflected in avoided cost prices." UM 1734, PacifiCorp Application at 1-2 (emphasis added); PacifiCorp Opening Brief at 17; *see also* PAC/100, Griswold/33; PAC/200, Griswold/21. There would be no point to refer to a renewable proxy resource if the QF were only deferring thermal resource acquisitions.

PacifiCorp's responsive testimony also shows that the Company passed up an opportunity to inform the parties and the Commission about the fact that it believed the PDDRR method eliminated the renewable rate, but instead mislead the Commission and the parties into

believing the exact opposite. In response to testimony by the Sierra Club that renewable QFs provide benefits, PacifiCorp explicitly stated renewable QFs selling power under Schedule 38 (for non-standard contracts) could sell renewable power: "Under current Schedule 37 and 38 methodologies, the Company shares renewable energy credits with the QF based on resource sufficiency/deficiency periods." UM 1734 PAC/200, Griswold/21.[8] The Company's position in this case that there is no renewable price for large QFs directly contradicts the suggestion in Mr. Griswold's responsive testimony in UM 1734 (made after its PDDRR proposal in this case) that large QFs could sell renewable power under the Company's proposals.[9]

This shows that PacifiCorp explicitly stated that under the then-current Schedule 38 approach PacifiCorp obtained the renewable energy certificates during the renewable deficiency period. The only way that PacifiCorp could retain the renewable energy certificates is if PacifiCorp was paying the QF a renewable rate. PacifiCorp not only passed up an opportunity to clearly raise the issue that it was planning to take away renewable pricing, but appears to have actively misled the parties and the Commission into believing that renewable QFs could continue to sell renewable power and be paid a renewable rate under the PDDRR methodology.

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8 In addition, PacifiCorp reiterated that it would continue to obtain RECs from QFs after the Commission lowered the size threshold. In response to testimony that renewable QF power was valuable, Mr. Griswold explained that the Company did not retain all of the RECs and that some would be allocated to other states under its cost allocation methodology. *Id.* at Griswold/22-23.

9 *Compare Re Cypress Creek Renewables LLC v. PacifiCorp dba Pacific Power*, Docket No. UM 1799, PacifiCorp Answer at 4, 6 ("PacifiCorp admits that there are multiple reasons why it is not obligated to offer non-standard avoided cost prices based on the standard renewable avoided cost price stream.") *with* UM 1734 PAC/200, Griswold/21 ("Under current Schedule 37 and 38 methodologies, the Company shares renewable energy credits with the QF based on resource sufficiency/deficiency periods.").

Therefore, PacifiCorp's procedural arguments regarding the scope of compliance filings are misplaced.

D. No Reasonable Obstacles Exist to Providing Renewable Pricing for Non-Standard QFs.

Finally, the substantive resolution of the issue is not insurmountable. The Commission should exercise its authority under ORS 756.568 to revise Order 16-174 in a manner that clearly reconciles it with Order No. 11-505.

The Joint QF Parties recommend the following courses of action to reconcile the two orders:

- Clarify that PacifiCorp's PDDRR methodology applies only to non-standard rates for QFs that elect to sell only energy and capacity – for non-standard rates for QFs electing to sell energy, capacity, *and RPS attributes*, PacifiCorp must use the standard renewable prices as the starting point subject to project-specific adjustments, consistent with Order No. 07-360 because PacifiCorp proposed no viable mechanism to value energy, capacity, *and RPS attributes* through its PDDRR proposal.
- Alternatively, the Commission could suspend the compliance filing and direct PacifiCorp to propose a valuation for renewable attributes to be incorporated into the PDDRR methodology for those QFs requesting the renewable avoided cost.

IV. CONCLUSION

For the reasons explained above, the Commission should affirm that renewable pricing is available for such larger QFs who agree to convey renewable portfolio standard attributes.

RESPECTFULLY SUBMITTED this 31st day of October 2016.

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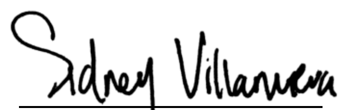

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