ISSUED: December 21, 2012

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.	RULING

DISPOSITION: PHASE I SCHEDULE ADOPTED

Schedule

On December 14, 2012, Commission Staff provided a status report regarding the parties' agreement on a proposed procedural schedule for this investigation. Staff reports that the parties have agreed to divide the investigation into two phases, and propose that the Commission address Issues 1 through 5, Issue 6(b) (legally enforceable obligation), and Issue 6(i) (contract duration). The parties also propose the following schedule for Phase I:

EVENT	DATE
Utilities file opening testimony	February 4, 2013
Workshop	February 25, 2013
Staff and non-utility parties file response testimony	March 18, 2013
Settlement Conference	April 2, 2013
All parties file reply testimony	April 29, 2013
Hearing	Week of May 23, 2013

Staff further reports that the parties agree that discovery can occur prior to February 4, 2013, but will be judicious regarding the number of data requests issues given that the utilities will be preparing testimony prior to that date.

The parties proposed procedural schedule for Phase I is adopted. For the parties' convenience, I attach as Appendix A a copy of the Issues List for reference.

Related Dockets

At my request, Staff also provided the parties' recommendation as to the proposed action on other pending dockets relating to qualifying facilities. Based on those recommendations, I make the following decisions with regard to the related dockets:

- UM 1396 – docket remains open to finalize utility compliance filings made to implement Order No. 11-505. All policy issues arising from Order No. 11-505 to be addressed in this investigation.

- UM 1546 – docket stayed; pending third-party transmission issue raised by Three Mile Canyon Wind, LLC, to be addressed in this investigation.

- UM 1615 – docket to address Idaho Power Company's request for determination of eligibility for standard contract; closed without order. Policy question to be addressed in this investigation.

- UE 235 – docket to address PacifiCorp, dba Pacific Power's proposed revisions to avoided cost purchases; closed without order. Policy questions to be addressed in this investigation.

- UM 1566 – docket to proceed on own schedule to resolve complaint filed by PaTu Wind Farm, LLC, against Portland General Electric Company.

- UM 1572 – docket to proceed on own schedule to resolve complaint filed by Kootenai Electric Cooperative v. Idaho Power.

Finally, as Staff notes, docket UM 1457, which addressed Renewable Energy Coalition's request for investigation, has already been closed without order, and all policy issues to be addressed in this investigation.

Parties to UM 1396, UM 1546, UM 1615, and UE 235 will automatically be made parties to this proceeding.

Dated this 21st day of December 2012, at Salem, Oregon.

Michael Grant
Chief Administrative Law Judge

Appendix A
Issues List – UM 1610

1. Avoided Cost Price Calculation

   A. What is the most appropriate methodology for calculating avoided cost prices?
      i. Should the Commission retain the current method based on the cost of the next avoidable resource identified in the company's current IRP, allow an "IRP" method-based on computerized grid modeling, or allow some other method?
      ii. Should the methodology be the same for all three electric utilities operating in Oregon?

   B. Should QFs have the option to elect avoided cost prices that are levelized or partially levelized?

   C. Should QFs seeking renewal of a standard contract during a utility's sufficiency period be given an option to receive an avoided cost price for energy delivered during the sufficiency period that is different than the market price?

   D. Should the Commission eliminate unused pricing options?

2. Renewable Avoided Cost Price Calculation

   A. Should there be different avoided cost prices for different renewable generation sources? (*for example* different avoided cost prices for intermittent vs. base load renewables; different avoided cost prices for different technologies, such as solar, wind, geothermal, hydro, and biomass.)

   B. How should environmental attributes be defined for purposes of PURPA transactions?

   C. Should the Commission amend OAR 860-022-0075, which specifies that the non-energy attributes of energy generated by the QF remain with the QF unless different treatment is specified by contract?

3. Schedule for Avoided Cost Price Updates

   A. Should the Commission revise the current schedule of updates at least every two years and within 30 days of each IRP acknowledgement?

   B. Should the Commission specify criteria to determine whether and when mid-cycle updates are appropriate?

   C. Should the Commission specify what factors can be updated in mid-cycle? (*such as* factors including but not limited to gas price or status of production tax credit.)

   D. To what extent (if any) can data from IRPs that are in late stages of review and whose acknowledgement is pending be factored into the calculation of avoided cost prices?

E. Are there circumstances under which the Renewable Portfolio Implementation Plan should be used in lieu of the acknowledged IRP for purposes of determining renewable resource sufficiency?

4. <u>Price Adjustments for Specific QF Characteristics</u>

A. Should the costs associated with integration of intermittent resources (both avoided and incurred) be included in the calculation of avoided cost prices or otherwise be accounted for in the standard contract? If so, what is the appropriate methodology?
B. Should the costs or benefits associated with third party transmission be included in the calculation of avoided cost prices or otherwise accounted for in the standard contract?
C. How should the seven factors of 18 CFR 292.304(e)(2) be taken into account?

5. <u>Eligibility Issues</u>

A. Should the Commission change the 10 MW cap for the standard contract?
B. What should be the criteria to determine whether a QF is a "single QF" for purposes of eligibility for the standard contract?
C. Should the resource technology affect the size of the cap for the standard contract cap or the criteria for determining whether a QF is a "single QF"?
D. Can a QF receive Oregon's Renewable avoided cost price if the QF owner will sell the RECs in another state?

6. <u>Contracting Issues</u>

A. Should the standard contracting process, steps and timelines be revised? (Possible revisions include but are not limited to: when an existing QF can enter into a new PPA and the inclusion of conditions precedent to the PPA including conditions requiring a specific interconnection agreement status.)
B. When is there a legally enforceable obligation?
C. What is the maximum time allowed between contract execution and power delivery?
D. Should QFs smaller than 10 MW have access to the same dispute resolution process as those greater than 10 MW?
E. How should contracts address mechanical availability?
F. Should off-system QFs be entitled to deliver under any form of firm point to point transmission that the third party transmission provider offers? If not, what type of method of delivery is required or permissible? How does method of delivery affect pricing?
G. What terms should address security and liquidated damages?

H. May utilities curtail QF generation based on reliability and operational considerations, as described at 18 CFR §292.304(f)(1)? If so, when?

I. What is the appropriate contract term? What is the appropriate duration for the fixed price portion of the contract?

J. What is the appropriate process for updating standard form contracts, and should the utilities recently filed standard contracts be amended by edits from the stakeholders or the Commission?

7. Interconnection Process

A. Should PPAs include conditions that reference the timing of the interconnection agreement and interconnection milestones? If so, what types of conditions should be included?

B. Should QFs have the ability to elect a larger role for third party contractors in the interconnection process? If so, how could that be accomplished?