September 6, 2017

Via Electronic Filing

Commission Chair Lisa Hardie
Commissioner Stephen Bloom
Commissioner Megan Decker
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301

RE: Docket No. UM 1728 – Request to Deny PGE's Request of August 18, 2017 to Reduce its Schedule 201 Standard Contract Rates for Qualifying Facilities

Dear Commission Chair Hardie, Commissioner Bloom, and Commissioner Decker:

Borrego Solar Systems, Inc. appreciates the opportunity to submit comments regarding Portland General Electric Company's ("PGE") filing of August 18, 2017 in Docket No. UM 1728. The filing requests approval for PGE to reduce its Schedule 201 standard contract rates for qualifying facilities ("QFs") by 38.4%.[1] We request that the Oregon Public Utility Commission ("OPUC" or "Commission") reject PGE's request and defer such substantial changes to the annual Schedule 201 update process.

Borrego Solar specializes in developing, engineering, procuring, and constructing commercial, industrial, and grid-scale solar energy projects, including grid-connected QF facilities such as those that could be affected by the Commission's decision in this proceeding. Since 1980, Borrego Solar has deployed over 360 megawatts (MW) of solar energy systems across the country, with an additional 140 MW in design and construction. Borrego Solar currently has a number of projects under development in Oregon, many of which could be adversely affected by Commission approval of PGE's request.

Background

In 2014, the OPUC created an annual process for utilities to update their Schedule 201 rates for standard contracts with QFs. Order No. 14-058 instructed the utilities to submit any requested

[1] UM 1728. Portland General Electric. "UM 1728 – Portland General Electric Company's Application to Update Schedule 201 Qualifying Facility Information – Compliance Filing." 18 Aug. 2017. http://edocs.puc.state.or.us/efdocs/HAD/um1728had12130.pdf.

changes to QF rates on May 1 of each year.[2] Those rates would then take effect the day after the last public meeting in June of each year. By issuing Order No. 14-058, the OPUC established a predictable ratemaking environment for all stakeholders, including QF developers that rely on the market signals of Schedule 201. This market stability has allowed QF generators to provide clean, renewable energy to PGE's ratepayers.

PGE applied for its annual update on May 1, 2017, requesting a 6% decrease in its solar QF rate. On May 18, 2017, the OPUC granted this request, and the rates took effect on May 19, 2017.[3]

Now, less than 3 months later (on August 18, 2017), PGE has applied for immediate relief from the obligation to enter into contracts with QFs over 100 kilowatts in size, alleging that the current avoided cost rates resulting from its May 1, 2017 application are inaccurate.[4] PGE's new proposed QF rates are 38.4% lower than the currently effective prices. PGE states that the avoided costs reflected in its pending integrated resource plan (IRP) justify QF rates that are 38.4% lower than those implemented in May. However, since the IRP on which PGE's proposed rates depend has not been adopted, and PGE alleges that it was only "partially acknowledged" at the August 8, 2017 meeting, the Commission should not use it as a basis for deciding whether PGE's revised rates are just and reasonable at this time.

Adopting PGE's Request Would Have a Chilling Effect Oregon's QF Market

Adopting PGE's requested relief so soon after approving the company's previous request would have a chilling effect on the QF market in Oregon that, in our view, will hamper the state's ability to attract capital for renewable energy projects. QF rate changes must be regular and predictable in order to meaningfully guide the market and to avoid creating unacceptable regulatory risk.

Order No. 14-058 cites Commission policy with regard to QF pricing, saying: "It is the goal of the Commission to ensure desired qualifying facility development through stable and predictable actions by the Commission, accurate price signals, and full information to developers and the public regarding power sales requirements."[5] PGE's requested 38.4% decrease in compensation would hurt the economics of QF projects currently in development and, consequently, severely disrupt Oregon's renewable energy market.

Many QF projects have lead times of six months or more from when development begins until a power purchase agreement is executed with the utility. During this time, the capital being deployed to build the project is fully at risk. Unannounced regulatory changes of this magnitude present an unacceptable risk and could, if approved, have a chilling effect on investment in Oregon's renewable energy market.

The Commission Should Deny PGE's Request

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[2] Order No. 14-058. 24 Feb. 2014. UM 1610. http://apps.puc.state.or.us/orders/2014ords/14-058.pdf.
[3] Order No. 17-177. 19 May 2017. UM 1728. http://apps.puc.state.or.us/orders/2017ords/17-177.pdf.
[4] UM 1728. Portland General Electric. "Portland General Electric Company's Motion for Temporary Relief from Schedule 201 Prices." 18 Aug. 2017. http://edocs.puc.state.or.us/efdocs/HAO/um1728hao121810.pdf.
[5] See Order No. 14-058 at 3, citing Order No. 05-584 at 9, citing 1988 OPUC Report to the Oregon Legislature.

In light of the importance of transitioning Oregon's electricity system away from polluting fossil generation and the significant economic benefits that QF developers have brought to the state, we believe that approving PGE's requested rate reductions so soon after approving its previous request would be a mistake. We therefore request that the OPUC deny PGE's request and revisit any updates to PGE's Schedule 201 QF rates next May, in the regular annual update process.

Thank you for your consideration.

Sincerely,

/s/ Rachel Bird

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