

March 7, 2023

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

**Re: Docket UM 2000—PacifiCorp’s Public Comments Regarding Staff’s Proposed Phase 0 Scoping Memo**

PacifiCorp d/b/a Pacific Power (PacifiCorp) respectfully submits these comments in response to the Public Utility Commission of Oregon (OPUC or Commission) Staff’s proposed Phase 0 in Docket UM 2000, to establish avoided costs for solar Qualifying Facilities (QFs) that are paired with storage facilities.

**I. The Commission should address QF storage pricing issues in Phase 1.**

PacifiCorp appreciates the benefits that storage facilities paired with renewable and nonemitting resources will soon deliver. Over the next decade, the Company hopes these resources will provide diverse energy and capacity services—possibly even baseload power.

Yet we are not there today, especially not for QFs. There is not a single QF paired with storage in Oregon, let alone in neighboring states. Likewise, while PacifiCorp’s Panguitch solar and battery facility in Utah has been operational since 2020, it is only one megawatt, and is primarily dispatched as an alternative to a transmission system upgrade, and not for real-time economic dispatch that will be the primary benefit of energy storage going forward. Until important and consequential issues are resolved (e.g. operational dispatch controls, performance obligations), PacifiCorp will be unable to ensure that energy storage resources will actually deliver on their myriad potential benefits and justify a distinct avoided cost. The Commission should be wary to fast-track avoided cost rates for first-generation technologies that are expected to deliver unique benefits.

Instead, the Commission should broadly investigate these issues in Phase 1, and any fact disputes should be resolved in subsequent utility-specific contested case proceedings, and rules of general applicability in rulemaking proceedings. This ensures that the Commission appropriately considers adjacent or dependent avoided cost issues.

PURPA requires avoided cost rates that are accurate. Respectfully, that is not possible when stakeholders have had seven business days to submit proposed methodologies, and where parties (including utilities, developers, consumer groups, and staff) have essentially no experience operating or managing contracts for battery facilities, particularly within the limitations of PURPA.

The Commission should use caution in implementing standard pricing and/or contracting with new technologies, especially when PacifiCorp's customers would be obligated under a long-term power purchase agreement to take all energy delivered to the utility. The expedited nature of the proceeding simply does not provide enough time to explore all possible issues. This does not preclude the development of paired-battery QF resources under the existing non-standard methodologies, with negotiated contracts to ensure that the unique characteristics of such resources are accounted for.

## **II. The Commission should establish necessary sideboards on any interim solar+storage avoided costs.**

If the Commission disagrees with PacifiCorp's concerns articulated above and instead moves forward with Phase 0, the Commission should consider several price terms and conditions that can mitigate any unintended harm to customers. For example:

- What are the appropriate heavy- and light-load hours? Currently, PacifiCorp's definitions of both time periods do not reflect the Company's capacity needs. Instead, the Company's May filing is expected to include updated definitions, that result in four "on-peak" hours and 20 "off-peak" hours each day. The four on-peak hours will vary based on the season to align with the hours with PacifiCorp's highest net load and avoided costs (earlier in the winter; later in the summer), as a result of the influence of daylight on both load and solar generation. The Company would propose this revision across all of its QF rates, and for hybrid resources, the individual components would need to be separately metered to get separate standard rates, i.e. solar generation receives the solar rate, while battery generation receives the baseload/other rate.

This ensures that if storage facilities can be effectively managed and dispatched, they are rewarded for providing higher value output in the hours when PacifiCorp's customers need it the most and regional supply becomes limited: when they return home for the day in the late afternoon and early evening.

- Should there be cap on the size of storage facilities paired with solar QFs? The Company wants to avoid applying standard rates to 20 megawatt (MW) storage facilities paired with 3 MW solar facilities, for example, as this would be much better suited for non-standard pricing and contracts. Therefore, PacifiCorp intends for its May filing to include a 1:1 cap: storage facilities cannot have a nameplate capacity greater than the QF that they are attached to.
- Should there be cap on the amount of storage facilities that are paired with solar QFs under any interim rate? The Company is concerned that a fast-tracked proceeding will result in inflated avoided cost terms. PacifiCorp intends for its May filing to include a 50 MW cap on the amount of storage facilities that can interconnect under an initial storage rate.

- Storage facilities must be located on-site, and can only be charged from the QF that the facility is connected to.

While the Company believes that it is not appropriate to adopt interim expedited rates at this time, these necessary sideboards could mitigate potential harm to customers.

### **III. Conclusion**

PacifiCorp appreciates the opportunity to comment on establishing avoided costs for QFs that are paired with storage facilities and respectfully requests the Commission consider the comments provided above.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew McVee', written over a horizontal line.

Matthew McVee  
Vice President, Regulatory Process and Operations  
PacifiCorp