BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 2000

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Staff Investigation into Broad Investigation of PURPA	JOINT RESPONSE OF RENEWABLE NORTHWEST & OREGON SOLAR ENERGY INDUSTRIES ASSOCIATION TO INITIAL QUESTIONS

I. INTRODUCTION

Renewable Northwest and the Oregon Solar Energy Industries Association ("OSEIA") are grateful to the Oregon Public Utility Commission ("Commission") and Commission Staff ("Staff") for this opportunity to inform the scope of this investigation. However, going forward, we encourage the Commission and Staff to set a schedule for this important process that enables non-utility stakeholders to participate more effectively. Answers to Staff's March 15, 2019, UM 2000 Initial Questions ("Staff's Questions") were required within two weeks, which is challenging for non-utility stakeholders with limited resources and capacity. Renewable Northwest and OSEIA have provided initial answers to the best of our ability, indicating where we were either unable to formulate an answer in two weeks or where we are currently taking no position; we politely request an additional opportunity for supplemental answers be provided before the scope of this docket is defined.

II. INITIAL ANSWERS TO STAFF'S QUESTIONS—SET B

Renewable Northwest and OSEIA are grateful to Staff for this comprehensive set of questions. As part of future questions and discussion in this proceeding, we encourage Staff to include the statutory considerations and policy guidance on PURPA implementation in ORS 758.515.[1]

[1] In ORS 758,515, "[t]he Legislative Assembly finds and declares that: (1) The State of Oregon has abundant renewable resources. (2)It is the goal of Oregon to: (a)Promote the development of a diverse array of permanently sustainable energy resources using the public and private sectors to the highest degree possible; and (b) Insure that rates for purchases by an electric utility from, and rates for sales to, a qualifying facility shall over the term of a contract be just and reasonable to the electric consumers of the electric utility, the qualifying facility and in the

Question 9: Should the current standard pricing methodology be retained? If not, what should the methodology be?

Proposed Methodology

Renewable Northwest encourages the Commission to retain the current standard pricing methodology with the following adjustments:

- Adopt a scheme to compensate QFs for their ability to help the utilities avoid short-term market capacity purchases when the utility relies on such transactions to meet some of its capacity needs. As an example, we suggest that the Commission consider the Washington Utility and Transportation Commission's approach that requires an avoided cost of capacity to be determined based on a portion of the costs of a simple cycle combustion turbine ("SCCT").[2]

- Require modification of utilities' standard avoided cost rates spreadsheet models so that prospective QF developers can closely estimate those rates with publicly available information, such as the resource costs assumptions in a utility's integrated resource plan ("IRP").

Should the Commission favor reliance on unacknowledged IRP inputs—as it did for the interim action on rates in Order 19-074—we encourage the Commission to consider establishing a process for more vetting of those inputs as part of the utility's IRP. Currently, those inputs are locked after informal discussions in utility-hosted workshops that most stakeholders interested in PURPA do not attend. Without the vetting that takes place during IRP acknowledgement, it seems appropriate for stakeholders interested in PURPA to have an opportunity to raise to the Commission any concerns they may have about the utility resource assumptions that would become inputs to avoided cost rates.

public interest. (3) It is, therefore, the policy of the State of Oregon to: (a) Increase the marketability of electric energy produced by qualifying facilities located throughout the state for the benefit of Oregon's citizens; and (b) Create a settled and uniform institutional climate for the qualifying facilities in Oregon."

[2] See, e.g., Washington Utilities and Transportation Commission (complainant) v. Pacific Power & Light Company (Respondent), Docket UE-144160, Order 04, at p 14, a "surrogate measure" in this case "require[d] that Pacific Power file a revised Schedule 37 that includes a separate capacity payment for capacity based on one-fourth of the cost of a SCCT [simple cycle combustion turbine] so that QFs are compensated minimally at a level that reflects the value of their capacity contribution during the winter peak in the Company's west control area".

Questions 9(a), 9(b), and 9(c)

Our standard pricing methodology proposal would address the Commission and Staff's concern with potential lag between the avoided cost rates and prices in the marketplace. Additionally, it would lead to increased transparency by ensuring that the resource assumptions are available to, and can be vetted by, interested stakeholders, and that spreadsheet models can be used to estimate rates closely. Finally, this proposal would retain the utility's ability to update rates through filings like the May 1 avoided cost rates update, as well as the updates that follow IRP and IRP updates.

Question 10: Should separate price streams be offered for a nonrenewable and a renewable avoided resource? If yes, please explain why and provide a description of the proposed avoided cost pricing methodology.

Renewable Northwest and OSEIA encourage the Commision to retain separate price streams for renewable and non-renewable avoided resources. Separate price streams are necessary to recognize the environmental attributes of different QFs (i.e. not all QF types are able to generate renewable energy certificates).

We also encourage the Commission to retain the current model of requiring investor owned utilities ("IOUs") to offer a renewable avoided cost stream based on the next planned major renewable resource procurement, and a non-renewable avoided cost stream based on the next planned major capacity procurement.

Question 11: Should documents and models used in the standard pricing and contracting practices be changed to be consistent for all utilities?

Renewable Northwest considers that consistency, where practicable and appropriate, is an important tool to ensure transparency and to potentially reduce the risk of litigation. We suggest that one of the upcoming workshops includes an exploration of the differences and similarities in the models and documents used by the three IOUs.

Question 11.a: Should standard PPAs be modified such that the bulk of the document is the same for each utility?

Please see our answer to Question 11.

Question 11.b: Should the spreadsheet models used to calculate standard prices be modified so that inputs and outputs are easily found and compared?

Yes. As we outlined in Question 9, we consider such a modification an important potential outcome of this process.

Question 11.c: If standard contracts become homogenized across utilities with less flexibility, how could the OPUC be involved in non-standard contract development and negotiation?

Renewable Northwest and OSEIA encourage the Commission to consider:

- Reaffirming the existing guidelines for non-standard contract development and negotiation.
- Requiring that utilities make public sample non-standard QF PPAs that serve as the starting point of contract negotiations.
- Establishing an expedited process for the Commission to address disputes that arise in contract negotiations.

Question 12: Please provide any ideas related to generally improving the efficiency of the regulatory process associated with updating avoided cost prices.

Renewable Northwest and OSEIA encourages Staff to offer additional guidance on what it considers "efficiency" to mean in this context (e.g. time from filing to effective date, frequency of updates, etc.). We also encourage Staff to explore how its view of improving the efficiency of the regulatory process associated with updating avoided cost prices would addresses ORS 758.515(3)(b).[3]

Question 13: Please explain an optimal process for a QF requesting an energy sales agreement with a utility. For this process please note any differences between applications for standard rates, standard contracts, or non-standard contracts.

Renewable Northwest and OSEIA have no comment on this issue at this time.

[3] It is the policy of the state of Oregon to "[c]reate a settled and uniform institutional climate for the qualifying facilities in Oregon."

Question 14: Please describe an optimal interconnection process for a QF requesting interconnection.

Renewable Northwest and OSEIA have no comment on this issue at this time.

Question 15: How should storage be treated under PURPA implementation? Please discuss treatment for stand-alone storage, storage collocated with non-renewable generation, and storage collocated with renewable generation. Provide the applicable avoided cost pricing approaches for the listed possibilities.

Renewable Northwest and OSEIA encourage the Commission to consider the following measures related to storage under PURPA:

- Calculating the capacity of all renewable QFs, including those colocated with storage, based on the maximum amount of power in AC that the facility is able to deliver.
- Considering renewable QFs that include storage to be eligible for rates and contracts based on their capacity, calculated as we suggest above.
- Considering variable renewable QFs that include storage eligible for the same rates as non-variable QFs when the storage allows the QF to commit to operate like a non-variable QF.

Question 16: How should existing projects be treated under PURPA implementation? Please address the following, in addition to any other relevant topics.

Renewable Northwest and OSEIA have no comment on this issue at this time.

Question 17: Should the existing dispute resolution process be continued? If not, how should it be changed?

Renewable Northwest and OSEIA have no comment on this issue at this time.

Question 18: Please share your recommendations to reduce the volume of litigation regarding complaints.

Renewable Northwest and OSEIA have no comment on this issue at this time.

Question 19: What existing resources (educational, etc.) do you know of that could benefit the Commission and other stakeholders during or prior to the investigation?

Renewable Northwest and OSEIA have no suggestions at this time.

Question 20: What is the best process for the Commission to educate, inform and engage itself and its stakeholders around the questions related to PURPA implementation?

Renewable Northwest and OSEIA would like to reiterate our view that the best process would consider the staffing and capacity limitations of non-utility stakeholders by adopting timelines that allow us to thoughtfully engage on the important and complex issue of PURPA implementation.

Question 21: Given recent utility practice of acquiring resources on an economic basis, outside of need, should the Commission change the current practice of using IRP resource acquisition to define resource sufficiency/deficiency (thereby defining payments for capacity)?

Renewable Northwest and OSEIA would first like to disagree with the notion that recent utility procurements were made "outside of need"; both PacifiCorp and Portland General Electric had energy and/or capacity and/or future renewable portfolio standard needs that their procurements will contribute to.

That said, we encourage the commission to change its current practice of solely using IRP major resource acquisitions to define resource sufficiency/deficiency. From our perspective, market-based rates during the sufficiency period, as currently defined, do not compensate QFs for the costs of capacity that they help utilities avoid when a utility would otherwise rely on short-term capacity transactions to meet those capacity needs.

Question 22: When in the process of contracting should a legally enforceable obligation (LEO) be obtained?

At least in certain circumstances, QFs eligible for standard contracts should be able to establish a LEO even before receiving an executable contract. Where a breakdown in the contracting process occurs, a QF should be able to establish a LEO by signing a copy of the utility's standard

contract that includes its scheduled commercial operation date and performance information such as its minimum and maximum annual deliveries.

We have heard from members of the QF development community that there is at least the perception that some utilities may unreasonably delay the contracting process in the weeks before a rate update is scheduled. Such a modification to the Commission's current standard would provide QFs with the ability to guard against such potentially unreasonable delays.

Question 23: Currently, a QF can have a LEO or executed contract, fail to achieve commercial operation, and as a practical matter not be required to pay a penalty to the utility because the utility's costs to replace the QF's power do not exceed the costs the utility would have incurred under the contract. Would imposing a different type of penalty for non-performance once a LEO is obtained or a contract executed be appropriate?

Renewable Northwest and OSEIA have no comment on this issue at this time. This issue would benefit from conversations among members of the QF community that were not possible in the alloted time. Therefore, we encourage the Commission and Staff to allow further time for supplemental answers.

Question 24. What is required for a QF project to receive financing?

Renewable Northwest and OSEIA have no comment on this issue at this time. As with Question 15, we see this issue as one that would require significantly more time to explore.

Question 25. Assuming a two-phase process, what issues do you believe could be fast-tracked within Phase 1?

Renewable Northwest and OSEIA have no comment on this issue at this time. As we have expressed throughout these comments, we are generally concerned with the ability of non-utility stakeholders, with limited staff and resources, to engage in fast-tracked determinations of PURPA issues that are generally complex and contentious. That said, after the workshop, we hope to have a better sense of whether some issues are sufficiently non-contested as to justify a fast-tracked process.

Question 26. Assuming a two-phase process, what issues do you believe need additional time for analysis? (i.e. should be addressed in Phase 2)

Please see our answer to Question 25 above.

Question 27: Please share one to two specific suggestions you would make to change how the cost of network upgrades are assigned and socialized?

Renewable Northwest and OSEIA have no comment on this question at this time.

Question 28. Please provide any additional comments or concerns that you would like to see addressed in this investigation.

Renewable Northwest and OSEIA have no comments on this issue at this time.

III. CONCLUSION

Renewable Northwest and OSEIA reiterate our gratitude to the Commission and Staff for this opportunity to inform the scope of this investigation. We have provided initial answers to the best of our ability, and politely request an additional opportunity for supplemental answers to be provided before the scope of this docket is defined.

Respectfully submitted this 29th day of March, 2019.

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