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April 25, 2023

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UM 2000 - In the Matter of Public Utility Commission of Oregon, Investigation into PURPA Implementation.

Attention Filing Center:

Attached for filing in the above-captioned docket are Portland General Electric Company's Comments on Staff's Solar-Plus-Storage Straw Proposal.

Please contact this office with any questions.

Sincerely,

Alisha Till

Alisha Till
Paralegal

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2000

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Investigation into PURPA Implementation.	**PORTLAND GENERAL ELECTRIC COMPANY'S COMMENTS ON STAFF'S SOLAR-PLUS-STORAGE STRAW PROPOSAL**

Portland General Electric Company (PGE) responds to Staff's request for comments regarding Staff's Straw Proposal, issued on April 6, 2023, for developing an interim solar-plus-storage standard avoided cost rate (Straw Proposal).[1] PGE appreciates Staff's consideration of PGE's prior comments and decision to provide additional time for the utilities to develop interim avoided cost prices for solar-plus-storage qualifying facilities (QFs). As PGE explained in its prior comments, implementing an avoided cost price for solar-plus-storage QFs involves unique considerations, and several aspects of this effort would benefit from more in-depth consideration in later phases of this docket. Recognizing, however, that Staff and the Public Utility Commission of Oregon (Commission) seek to implement an interim rate in the near-term, PGE generally does not oppose Staff's Straw Proposal and advocates for a few modifications, as discussed below.

A. QF Eligibility for Standard Solar-Plus-Storage Rate

PGE does not object to the eligibility criteria set forth in Staff's Straw Proposal and agrees that a simplified approach is preferable at this interim stage.[2]

[1] Docket UM 2000, Staff's Process Update and Straw Proposal (Apr. 6, 2023) (hereinafter, "Straw Proposal").
[2] Straw Proposal at 3-4.

B. Premium Peak Hour Designation

PGE does not object to Staff's proposal that each utility set four daily premium peak hours per month, based on loss of load probability (LOLP) data or expected market prices.[3]

Staff proposes that the hours will not vary over the term of the contract,[4] but PGE requests that utilities be permitted to update the timing of the premium peak hours (but not the number of such hours) annually over the course of the contract. This approach is relatively straightforward and should be implemented in the interim to ensure customers receive the full capacity benefit for which they are paying solar-plus-storage QFs. The premium peak hours could be reflected in a 12x24 grid in PGE's Schedule 201 and could be easily updated in the future following acknowledgment of an Integrated Resource Plan (IRP) or IRP Update.

As Staff notes, providing capacity payments to solar-plus-storage QFs in premium peak hours incentivizes discharge of the storage resource during the utility's times of highest need.[5] Standard QF contracts have a 15-year fixed-price term, and PGE anticipates that its hours of highest need will continue to change over the next 15-20 years as PGE adds significant new resources to its system and experiences load growth. Updating the premium peak hours will ensure that the QF continues to be incented to provide the full contracted-for capacity value, when it is needed, in later years of the contract. Conversely, prohibiting updates to the premium peak hours could result in a utility paying a high capacity price for a solar-plus-storage QF to deliver in an hour in which the utility does not have significant need, which would significantly dilute the value provided by battery storage's unique ability to provide energy when it is needed the most. Restricting economic signals for solar-plus-storage QFs could prevent such resources from making

[3] Straw Proposal at 4.
[4] Straw Proposal at 3-4.
[5] Straw Proposal at 4.

available contributions to system reliability, and paying a high capacity price in hours without high need would be contrary to the Public Utility Regulatory Policies Act of 1978's (PURPA) customer-indifference requirement.

If Staff chooses not to advance PGE's proposal for updating the premium peak hours in the interim phase, Staff should confirm that additional consideration is appropriate in later phases of this docket.

C. Capacity Contribution Methodology and Proxy QF Resource Assumptions

PGE does not object to the capacity contribution methodology and assumptions outlined in Staff's Straw Proposal.[6] PGE understands that Staff's proposal gives the utility flexibility to derive a capacity contribution directly from the IRP or from separate effective load carrying capability (ELCC) modeling that is consistent with the methods used in the IRP.[7] PGE anticipates developing modeling separate from its IRP, because PGE will need to estimate the capacity contribution of solar-plus-storage QFs that do not engage in grid charging and are not subject to utility control—unlike the resources in the IRP.[8]

D. Payment Methodology and Dispatch

PGE does not object to the payment methodology described in Staff's Straw Proposal for use on an interim basis.[9] However, in later phases of this docket, PGE would like to explore

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[6] Straw Proposal at 4-5.
[7] Straw Proposal at 4 ("To determine the capacity contribution of a representative solar plus storage proxy resource, the respective utility must use a methodology consistent with the methods used in its IRP process."); *id.* at 5 ("The capacity contribution value for the solar plus four-hour storage facility may be derived from the utility's acknowledged IRP and will otherwise be derived from the effective load carrying capability ('ELCC') of the resource to the utility as modelled by the utility, subject to review by stakeholders and approval by the Commission.").
[8] *See* PGE's Comments on Staff's Process Proposal and Scoping Update at 4-5 (Mar. 7, 2023) (explaining that capacity value is dependent upon the utility's ability to control dispatch of the battery and upon whether the battery charges from the grid).
[9] Straw Proposal at 4-5.

whether standard QF pricing should differentiate among the peak hours—with the highest price being paid in the hour of need and value —rather than paying the same price in all peak hours.

E. Capacity Availability in Tranches

PGE supports Staff's proposal to make the interim rate available to up to 50 MW of solar-plus-storage QFs and then re-evaluate whether the interim rate is appropriate before making it available to additional QFs.[10] Given the unique considerations involving QFs with storage, the interim and expedited nature of this Phase 0 process, and the fact that long-term QF contracts have notional values into the tens of millions of dollars, it is appropriate to proceed with caution.

F. Contractual Provisions

Minor contractual revisions may be necessary to appropriately implement the interim solar-plus-storage rate, but it is difficult to determine with certainty at this time, given that the content of the standard contracts may change in the near future following the final order in docket AR 631. For example, PGE's current standard contract includes several references to "solar" facilities in sections discussing the 3-MW standard pricing cap, and these references may need to be updated to encompass the solar-plus-storage option. Therefore, PGE requests that Staff leave open the possibility for the utilities to request, in their July 31 filings, revisions to their standard contracts if the utilities determine that such changes are needed. Any such modifications would very likely be limited in scope.

G. Implementation

PGE does not have concerns with Staff's proposed timeline and process.

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[10] Straw Proposal at 5-6.

H. Pricing for Negotiated QF Contracts

Staff's Straw Proposal does not address solar-plus-storage pricing for negotiated QF contracts, but stakeholders will require clarity on this issue. PGE requests approval to model pricing for such QFs on an interim basis, rather than adjusting the standard pricing as PGE does for other negotiated QF resources. PGE would simulate a solar-plus-storage profile that accounts for the proposed QF's specific storage-to-solar ratio, solar profile, round trip efficiency, and whether it is AC- or DC-coupled, among other characteristics, to yield pricing that is specific to the value the resource would provide PGE.

The Federal Energy Regulatory Commission (FERC) has determined that a facility with 80 MW of solar panels and 80 MW of battery storage is eligible as a QF under PURPA.[11] Such large QFs materially impact the utility's resource portfolio and must be priced accurately. The value of storage is highly dependent upon how the specific resource is configured and dispatched, and simply adjusting the standard avoided cost prices would not accurately reflect the facility's value—which may be higher or lower than the value reflected in the standard prices. Allowing PGE to model the specific resource also provides potential QFs with additional flexibility to design their facilities. For example, a QF may seek to negotiate pricing for a facility that has a different storage-to-generation ratio than the one-to-one ratio required to be eligible for Staff's proposed interim standard rate. For these reasons, PGE should be permitted to model the specific facility configuration and dispatch profile to determine appropriate pricing.

In the event the Commission declines to adopt PGE's request for flexibility to model negotiated pricing for solar-plus-storage QFs and requires PGE to price negotiated agreements by adjusting the standard price, the Commission should confirm that the 50-MW cap applies to both

[11] *Broadview Solar, LLC*, 174 FERC P 61,199 (2021).

standard and negotiated QF contracts and that solar-plus-storage QFs seeking negotiated agreements must meet the eligibility criteria (other than size) set forth in Staff's Straw Proposal.

I. Conclusion

PGE appreciates Staff's thoughtful efforts to develop standard solar-plus-storage avoided cost pricing on an expedited and interim basis and requests that Staff adopt the limited changes discussed in these comments.

DATED: April 25, 2023

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