



December 22, 2022

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
201 High Street, Suite 100
Post Office Box 1088
Salem, OR 97308-1088

Re: UM 2000 – Comments on Staff November 1, 2022 Process Proposal and Scope

Dear Staff and Stakeholders:

NewSun Energy LLC (NewSun) submits these comments in response to Staff's request for feedback on its November 1, 2022 Process Proposal and Scope in Docket No. UM 2000 Broad Investigation of PURPA. NewSun is generally supportive of Staff's proposed process, but recommends that the Commission immediately launch a separate parallel process for an interim avoided cost rate for solar-plus-storage.

NewSun has helped bring a number of PURPA projects online in recent years and continues to work on solar and storage development in Oregon, which may sell under PURPA or other offtake arrangements. This practical experience and dedication to Oregon development makes NewSun uniquely positioned to provide meaningful input in this docket. Any policies adopted in this docket should promote the development of QFs to the highest degree possible, increase the marketability of electric energy produced by QFs in Oregon, and create a settled and uniform institutional climate.¹

PURPA is or can be the most effective tool to move Oregon towards greater decarbonization. It is designed to unleash renewable development when it can be done at the same or less than the utility's cost to otherwise acquire power. It is the policy of the State of Oregon, as declared by the Legislature in House Bill 2021, that utilities eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040,² and accelerated solar-plus-storage development will be critical to this effort. By implementing an interim solar-plus-storage avoided cost rate, the Public Utility Commission (PUC) can expedite decarbonization, protect ratepayers, and meet its statutory objectives under PURPA.

¹ ORS 758.515

² HB 2021 at Section 3 (2021).

Given this statutory context pressing for new renewable generation and the need to maintain a settled and uniform institutional climate, NewSun cautions against a radical change to the underlying pricing mechanics. Doing so would risk upsetting the institutional climate and undermines QFs' ability to support decarbonization and diversify risk away from solely the utility request for proposal model. This docket should prioritize what new capacity resource can be integrated for zero carbon, and should isolate and expedite for resolution certain discrete issues including but not limited to:

- (1) the avoided capacity basis,
- (2) placing utilities into a permanent state of capacity and energy deficiency given their large and ongoing need for new resources, and
- (3) minor adjustments to the current methodologies to avoid and remove counter-intuitive outcomes that have been noted in recent annual or post-IRP avoided cost updates.

NewSun's feedback on Staff's Process Proposal and Scope is provided below:

- 1. Interim Avoided Cost Rate for Solar-Plus-Storage:** NewSun recommends that the Commission immediately launch a separate, parallel process to create and set an interim solar-plus-storage rate in Phase 1 to apply to all utilities. This rate is overdue and is an issue that can be resolved quickly, so setting a solar-plus-storage rate should not be pushed to the end of this docket to add years of additional delay. A solar-plus-storage rate can be easily determined and set at the outset of this docket within the existing methodologies already in use by each utility. Each utility's avoided cost work papers should allow for a straightforward calculation, as the current solar calculation can be updated with some minor tweaks to account for an interim solar-plus-storage capacity contribution. This interim capacity contribution can be determined through Integrated Resource Plans or some other publicly available and credible baseline. For example, Avista, in Washington, was able to implement a solar-plus-storage rate relatively easily in their avoided cost tariff.³

NewSun recommends that the rate be an interim rate in effect only until the Commission makes its decisions on the changes to the methodology at the conclusion of this docket. Because the rate will be interim, NewSun believes that Stakeholders can reach an agreement on the capacity contribution for a solar-plus-storage and input it into the existing methodologies.

- 2. Three Phase Process and Scope:** NewSun supports the three-phase approach laid out by Staff's proposal. Narrowing the issues through Phase 1 through Commission decision will ensure that the process moves efficiently and cost-effectively. Phase 1 should address key framework issues and result in a final order that is subject to judicial review. If too many issues are brought into Phase 2, then the value of Phase 1 would be limited, and Phase 2 could become unnecessarily burdensome for all parties involved from both a time and cost perspective by addressing issues that can be sufficiently addressed in Phase

³ Avista Utilities, *Schedule 62* (Mar. 4, 2020), https://www.myavista.com/-/media/myavista/content-documents/our-rates-and-tariffs/id/id_062.pdf

1. Phase 2 should permit adequate time and process to create a robust record for the Commission decision. Thus, NewSun agrees that the Commission should be asked to make decisions in Phase 1 to provide direction on issues such as the type of methodology prior to the contested case. Given the broad range and dissimilarity of possible methodologies, Phase 1 decisions will enable Stakeholders to focus on more comparable types of methodologies and resolve peripheral issues in Phase 2.

3. In addition to the above NewSun proposes the following changes to the Staff proposal:

- a. Removing issue 1 from consideration. The competitive solicitation price under 18 CFR 292.304(b)(8) requires that competitive solicitations be administered pursuant to procedures ensuring that the solicitation be conducted in a transparent and non-discriminatory manner. Oregon’s competitive solicitation rules do not meet these criteria. Further, even if Oregon amends its rules in an attempt to comply with these criteria, it would not be appropriate to immediately move to this competitive solicitation price until it is demonstrated through history to show that it is successful, transparent, and non-discriminatory. That section requires that “[s]olicitations are certified as fulfilling the . . . criteria by the relevant state regulatory authority . . . through a post-solicitation report.” Therefore, even if the Commission decides in Phase 1 to move to a competitive solicitation framework, it would first need to amend the rules, then conduct a rulemaking (for each utility), certify that solicitation, and only then could the Commission adopt this framework. This would significantly and inappropriately delay UM 2000, when the Commission has expressed a desire to move this docket forward quickly.
- b. That phase 1 address the full scope of what costs to include in “avoided costs.” For example, aside from energy and capacity, avoided costs should also include avoided interconnection and transmission, and environmental or other attributes associated with the energy.

NewSun looks forward to continuing to work on these issues with Staff and stakeholders.

Sincerely,



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