

February 24, 2023



UM 2000 Broad Investigation of PURPA

Process Proposal and Scope Update

This announcement provides an update to Oregon Public Utility Commission Staff's (Staff) docket strategy for the UM 2000 Public Utility Regulatory Policies Act (PURPA) Investigation into qualifying small power production facilities (QF). This announcement includes an update to the issues list, phasing, and processes in Staff's proposed strategy and provides a date and time for the next UM 2000 workshop.

Background

On November 1, 2022, Staff released its proposed strategy for the conclusion of the UM 2000 investigation ([Staff's initial Process Proposal and Scope](#)). Staff solicited feedback on its proposed issues list, phasing, and processes at a November 30, 2022 workshop, followed by written comment on December 22, 2022. Between the workshop and written comments, Staff received feedback from Idaho Power Company (Idaho Power), Pacific Power (PacifiCorp), and Portland General Electric Company (PGE), (collectively the Joint Utilities), Community Renewable Energy Association (CREA), Northwest & Intermountain Power Producers Coalition (NIPPC), Renewable Energy Coalition (REC), (collectively the QF Trade Association), Oregon Solar + Storage Industries Association (OSSIA), and NewSun Energy (NewSun). Comments were filed by these entities on December 22, 2022.

[Staff appreciates the thoughtful feedback received, which informed the described docket strategy updates throughout the remainder of this announcement.](#)

Feedback on Initial Proposal

Stakeholder comments reflected general agreement with Staff's phased approach, but provided helpful perspectives on the issues, issue grouping, and procedural proposals. After evaluating the comments raised by stakeholders, Staff has determined that a revised scope and process is needed to address these comments. In an attempt to provide value, efficiency, and a process where stakeholders are heard and maintain access, the below set of responses were composed as Staff's attempt to balance the concerns amongst all stakeholders and to move the UM 2000 docket forward.

Written comments from several stakeholders urged the near-term implementation of an additional avoided cost rate for solar + storage resources as soon as possible. Staff sees value in setting a rate which properly compensates resources that could provide additional and differentiated benefits that help the utilities in their progress towards House Bill 2021 targets. Staff views it as most advantageous to work with stakeholders and all three investor-owned electric utilities together to determine the most appropriate contribution to capacity adjustments for solar + storage resources, along with identifying any other necessary assumptions in order to establish an interim rate. Staff now proposes to add a 'Phase 0' ahead of Phase 1 to establish an interim solar + storage rate with the May 1 annual avoided cost updates, and before proceeding into the updated Phase 1 issues list investigation. A detailed Phase 0 process is provided at the end of this announcement.

All issues requested to be added to the issues list for consideration were appended to the issues list. Please find the updated issues list appended to the end of this document. Staff's original strategy included a Phase 1 process that would result in Staff bringing a set of recommended decisions on a list of threshold questions to the Commission for decision at a public meeting before opening a contested case that establishes methodological updates for calculating AC prices. Stakeholders expressed disagreement around how Phases 1 and 2 should proceed, with QF parties in favor of limiting the scope of Phase 2 through a Phase 1 preliminary decision, and the Joint Utilities expressing desire for all issues

February 24, 2023

to be considered in the contested case phase. Staff acknowledges that overlap exists between issues originally scoped to be considered separately in Phases 1 and 2, and sees merit in addressing the entirety of the issues list in a single phase. Attempting to strike a balance between the accessibility and efficiency concerns raised by QF parties and the desire amongst the utilities to avoid a potentially limiting Commission decision ahead of Phase 2, Phase 1 will now serve as an opportunity for all stakeholders to comment on the updated issues list and to work to build consensus ahead of the Phase 2 contested case process.

Issues will no longer be divided between phases. There will be one issues list, with the goal of Phase 1 being to examine all the issues and establish a more targeted scope for Phase 2. Capacity valuation methodology issues, emanating from UM 2011, will be within scope and can be discussed to determine which methods should be in scope for Phase 2. We anticipate that the issues originally identified for Phase 1 (the so called "threshold issues") will remain as focal points in this updated process. Phase 2 will proceed with Staff bringing the updated issues list and recommendations as informed by Phase 1 to an ALJ for their decision on what issues to take up for a contested case. The contested case phase will conclude with recommendations for the Commission to adopt to address the issues list. This proposed Phase 2 process follows that of UM 1610.

In summary, Phase 0 will be an independent process to implement an interim hybrid solar + storage rate. Phase 1 will now serve as an opportunity for all stakeholders to comment on the updated issues list and to build consensus ahead of the Phase 2 contested case process.

Please see the diagrammed phasing proposal on the next page.

Phase 0: Hybrid Rate

- Objective:** Establish a solar + storage rate in an expedited process.
- Process:** Informal process that results in a Public Meeting decision to direct the utilities to file a solar + storage rate at the same time as the May 1 update using a specified methodology, followed by a Public Meeting decision approving the rates in ~60 days following the May 1 filing.

Phase 1: Scoping Process

- Objective:** Develop a more targeted issues list to propose to the ALJ for Phase 2.
- Process:** Informal process to come to as much agreement as possible on scope, attempting to answer threshold issues, and to develop a better understanding of positions and priorities for AC methodologies moving forward.

Phase 2: Contested Case

- Objective:** Commission order adopting new policies for calculating AC rates.
- Process:** Contested case process that begins with Staff presentation of a well targeted issues list to the ALJ— which may be contested by parties.

Phase 3: Update Mechanism

- Objective:** Establish new policies for updating avoided cost rates.
- Public Process:** Informal process to propose new policies for updating avoided cost rates that is informed by the methods and policies identified in Phase 2. This process can cover any other administrative or lingering issues.

February 24, 2023



Next Steps

Phase 0

This updated scoping document will serve as notice to parties of a comment period for needed assumptions and strictly necessary changes in methodology required to implement an interim solar + storage rate in the May 1 annual AC updates. Comments and/or straw proposals are requested to be submitted by March 7, 2023. Staff will hold a workshop on the afternoon of March 15 to discuss the initial Phase 0 comments. Subsequently, Staff will issue a public meeting memo outlining its recommended proposal ahead of the April 4 public meeting, with comments requested from parties to be submitted in the interim.

UM 2000 Schedule

Staff recognizes that this process may require adjustment over time, but presents its recommended phased rulemaking schedule in the table below.

Phase 0 Schedule Proposal		
Timeline	Activity	Description
February 24, 2023	Staff Proposal	Staff publishes updated scoping document and issues list, notifying stakeholders of Phase 0 comment period.
March 7, 2023	Comments	Comments filed on needed assumptions and methodology changes to implement a solar + storage rate alongside of the May 1 AC updates.
Afternoon of March 15, 2023	Workshop	Workshop to discuss or present Phase 0 proposals on needed AC methodology changes, with the goal to build consensus.
March 27, 2023	Staff Proposal	Staff issues a public meeting memo outlining Staff's proposal.
Before April 4, 2023	Comments	Comments filed on Staff's Memo.
April 4, 2023	PM	Staff will bring the required methodology changes before the Commission for direction ahead of May 1.
May 2023	Rates Filed	Rates are filed commensurate with agreed methodology.
May 2023	Comments	Comments filed on submitted hybrid rates.
June 2023	Workshop	Workshop to discuss comments on filed rates.
June 2023	Comments	Final comments from workshop on filed rates.
July 2023	PM	Hybrid rates are approved.

Phase 1 will launch following the conclusion of Phase 0 and is anticipated to take two to three months. Before Phase 2 begins, Staff will circulate the targeted issues list and schedule proposal prior to the prehearing conference to be held by an Administrative Law Judge in September or October 2023. Staff expects the contested case to last six-seven months depending on the proceeding of Phase 1.

Tentative Phase 3 schedule to be determined before the conclusion of Phase 2.

February 24, 2023



If you have questions on the process or content of this proposal, please contact:

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Updated Issues List

Phase 0

How should hybrid (solar + storage resources) be compensated for capacity?

- A. What assumptions are needed regarding dispatch?*
- B. What changes to existing methodology are needed to implement a solar + storage rate under the current structure?*

Phases 1 and 2 - Issues for Discussion and Targeting ahead of Phase 2

A. Standard Price Options

- 1. Number and differentiation of standard price streams, e.g., is it still reasonable to differentiate between standard and renewable options following HB 2021? Does HB 2021 necessitate adoption of another avoided cost price stream? Should standard solar rates have different price offerings based on location?*
- 2. What latitude should QFs have to choose between different avoided cost price streams?*
- 3. Does HB 2021 (or any other factor) affect the treatment of RECs in PURPA transactions?*

B. Standard Pricing Terms/Approaches

- 1. Should payments continue to be fixed for 15-year periods?*
- 2. Should the total purchase term of a contract continue to be 20 years?*
- 3. Should the Utility be able terminate non-standard contracts during the sufficiency period when a QF fails to meet the contracted online date?*
- 4. Should the Commission implement variable energy prices as allowed under FERC Order No. 872?*
- 5. Should the current Sufficiency/Deficiency approach be altered or removed to reflect other capacity modeling practices or market changes?*

C. Inputs

1. *Should utility RFP data be used in setting avoided cost rates?*
2. *What are the appropriate inputs for QF resource characteristics, e.g., data sources, location, configuration, and equipment assumptions for standard pricing?*
3. *How should the avoided resource be determined, e.g., methodology, resource type and characteristics, data sources, interconnection cost assumptions, and transmission cost assumptions?*

D. Capacity Pricing Issues

1. *What should the methodology for capacity compensation be to send the best signals for QF value to the system, e.g., utilize a “fixed” or “pay as you go” capacity payment approach for dispatchable and non-dispatchable resources, as described in E3’s UM 2011 report?¹*
2. *How should the learnings and best practices from UM 2011 be applied to capacity contribution modeling to best implement the compensation framework, e.g., use of ELCC or LOLP approximation methods, tuning capacity contribution calculations to the utility’s resource adequate portfolio, capturing changing system needs over time?*

E. IRP Planning Assumptions

1. *What are the appropriate QF renewal rate and forecast assumptions for use in planning [which should be carried through to capacity valuation methods]?*

Phase 3 – Planning and Administration / Implementation (Public Meeting Decision or Rulemaking)

A. Pricing Update Mechanism

1. *Frequency*
2. *Inputs/Process*
3. *Implementation Timeline*
4. *Additional Considerations*

¹ <https://edocs.puc.state.or.us/efdocs/HAH/um2011hah82625.pdf>.