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VIA ELECTRONIC FILING

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

Re: UM 2111 – PacifiCorp comments regarding Oregon Public Utility Commission Staff's plan to resume activities

PacifiCorp d/b/a Pacific Power (PacifiCorp) provides these comments in response to the Public Utility Commission of Oregon (Commission) Staff's (Staff) Scoping Announcement regarding its plan to resume activities in the above-referenced matter (referred to herein as the "Announcement"). Consistent with directives of the Announcement, PacifiCorp's comments address: (1) whether any issues have been omitted; (2) prioritization of issues; (3) phasing; and (4) overall process.

1. Omission of Issues

PacifiCorp respectfully requests that issues be added to Groups 1, 2, and 3 as follows:

a. Group 1.

One of the issues identified in Group 1 is "Incorporating updated standards such as IEEE 1547-2018." PacifiCorp supports this incorporation but notes that Oregon Administrative Rule (OAR) 860-082 currently defines "IEEE 1547" to be the 2003 version. PacifiCorp negotiates with interconnection customers to use the 2018 version of this standard (pursuant to OAR 860-082-0025(7)(e)(A)). Most interconnection customers agree; however, PacifiCorp has run into circumstances where developers insist on using the 2003 version to avoid incurring costs. Therefore, the definition should be updated. However, to avoid a scenario where the utility has to defend using the current version of IEEE 1547, PacifiCorp recommends the issue be rephrased to allow the most recent version of IEEE 1547 to be incorporated.

In addition, PacifiCorp recommends that an issue be added to Group 1 to address who is responsible for ensuring the continuation of the existing quality of electric service provided to customers. PacifiCorp specifically recommends the following issue be added:

"Maintenance of and responsibility for customer quality of service."

The addition of this issue is important for Commission consideration given that other issues in Group 1 appear to potentially alter the type of facilities that PacifiCorp routinely uses on its system to help ensure reliable and safe service to its customers.

b. Group 2.

Several issues in Group 2 address the appropriate assignment of interconnection-driven upgrade costs. To the extent these are the costs of interconnection driven *Network Upgrades*, as the term "Network Upgrades" is defined in each utility's FERC-jurisdictional small- or large-generator interconnection procedures (SGIP and LGIP), the allocation of such costs between utilities and Qualifying Facilities (QFs) is currently being litigated in docket UM 2032 and should not be addressed here. The question presented in this docket, as PacifiCorp understands it, is the appropriate cost allocation for distribution system upgrades for all types of interconnection customers (QF and non-QF alike), and, to the extent relevant, the costs of interconnection driven Network Upgrades driven by *non-QFs* interconnecting with a utility's distribution system.

PacifiCorp believes that, in all instances, the cost-causer should be assigned the costs of upgrades and other facilities that would not be constructed but for the interconnection request. Specifically with regard to QFs, the Commission's QF interconnection rules interpreting the Public Utility Regulatory Policies Act of 1978 presumptively require interconnecting QFs to pay the Network Upgrade costs incurred by a utility to interconnect the project, thereby leaving retail customers indifferent to the QF interconnection.[1] The Commission's existing rules follow this same presumptive cost-allocation principle for distribution-system upgrades caused by QFs and non-QFs alike, which PacifiCorp believes is the appropriate regulatory policy.

The Commission may also consider in a Phase II of docket UM 2032 a standard for determining whether a QF's interconnection-driven Network Upgrades provide system-wide benefits to retail customers such that interconnecting QFs should be entitled to some amount of reimbursement for the costs caused by their interconnection. As a practical matter, PacifiCorp believes that any such test could, in theory, also apply to the Network Upgrade costs driven by the interconnection of non-QFs.

It should be noted that "Network Upgrades" are defined exclusively as upgrades to a utility's transmission system, not its distribution system. To the extent the Commission is evaluating in this docket any potential sharing mechanisms for the cost of distribution-system upgrades, it is extremely unlikely that such upgrades would provide system-wide benefits to retail customers. Instead, it is far likelier that distribution-system upgrades may provide benefits to other potential generators intending to interconnect in the same area. Thus, if the Commission intends to consider a sharing mechanism in this docket, PacifiCorp believes it is appropriate to consider a potential sharing mechanism that would allocate costs between distribution system interconnection customers.

If the Commission determines that any of the upgrade costs should be allocated to public utilities and its customers, then cost recovery should also be addressed and assured. To that end, the following issue should be included in Group 2:

[1] Order No. 14-058, at 12; *S. Cal. Edison Co., San Diego Gas & Elec. Co.*, 71 FERC ¶ 61,269, at ¶ 62,080 (1995).

"Cost recovery of any system upgrades assigned to utilities and customers."

c. Group 3.

PacifiCorp's experience is that when interconnection customers make changes to their requests, the changes often lead to significant additional engineering and design work being required, as well as delays in finalizing the interconnection studies. PacifiCorp recommends that, similar to the process under its Large Generator Interconnection Procedures approved by the Federal Energy Regulatory Commission, the Commission should develop rules that clearly differentiate between material changes and minor changes and, if a change is determined to be a material change, the request should be removed from the study process and a new interconnect request should be submitted. If a change is determined to be a minor change, then the utility should be allowed to reasonably extend study timelines as necessary to account for the minor change. To that end, PacifiCorp recommends the following issue be included in Group 3:

> "Clarify what is a material change versus a minor change and the impacts of each to the study process."

2. Prioritization of Issues

PacifiCorp believes that Staff's proposed prioritization of issues is generally reasonable, but would observe that Group 4, which addresses issues related to "efficient process and predictability," identifies a number of issues, particularly under "Interconnection Process" that can lead to interconnection disputes. To minimize such disputes, it may be appropriate to address some of the issues in Group 4 earlier in Staff's proposed timeline.

3. Proposed Approach and Overall Process

PacifiCorp supports the proposed approach and overall process. In particular, PacifiCorp supports the phased approach with monthly workgroup meetings and reports to the Commission every six months (or sooner if needed). However, PacifiCorp respectfully requests clarification on whether Staff envisions making recommended changes at the conclusion of each phase or whether recommended changes will be made at the conclusion of all phases. PacifiCorp respectfully recommends proposing recommended changes on a sequential basis, during each phase as such recommendation(s) are finalized.

PacifiCorp appreciates the opportunity to provide comments in response to the Announcement and looks forward to continued participation in this proceeding.

Sincerely,

Shelley McCoy

Shelley McCoy
Director, Regulation