

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1728

In the Matter of)	COMMENTS OF THE
)	COMMUNITY RENEWABLE
PORTLAND GENERAL ELECTRIC)	ENERGY ASSOCIATION ON
COMPANY,)	PORTLAND GENERAL
)	ELECTRIC COMPANY'S 2021
Application to Update Schedule 201)	ANNUAL AVOIDED COST
Qualifying Facility Information)	UPDATE
)	
)	

I. INTRODUCTION AND SUMMARY

The Community Renewable Energy Association (“CREA”) respectfully submits these comments regarding Portland General Electric Company’s (“PGE’s”) application to update its Schedule 201 qualifying facility (“QF”) information.

As explained in more detail below, the major point of dispute in this avoided cost update will be PGE’s proposal to reduce the contribution to peak capacity value for solar resources by two thirds of its current value – from the current value of 15.8% to a proposed value of just 5.5%. PGE’s proposal on this point reduces the renewable and non-renewable avoided cost rates offered to solar QFs without adequate justification. Therefore, the Oregon Public Utility Commission’s (“Commission” or “OPUC”) should not approve PGE’s proposed update to the contribution to peak capacity values for solar avoided costs. Instead, the Commission should require use of the currently approved contribution to peak capacity for solar resources.

CREA has reviewed the thorough sets of comments being submitted by the Renewable Energy Coalition (“REC”) and the Northwest and Intermountain Power

Producers Coalition (“NIPPC”), as well as the comments of Oregon Solar+Storage Industries Association (“OSSIA”) and issues identified in correspondence requesting additional time of NewSun Energy LLC (“NewSun”). CREA agrees with the points made by those parties, and therefore these comments will summarize the main points without repeating other parties comments. Additionally, because additional issues and analysis may be developed in ongoing discovery, CREA reserves the right to supplement these comments before the public meeting in this matter.

II. COMMENTS

A. Regulatory Background and Legal Standards

Congress enacted the Public Utility Regulatory Policies Act of 1978 (“PURPA”) to address the energy crises of the 1970s, and Section 210 of PURPA remains the only federal law that directly mandates the purchase of renewable and cogenerated electric energy by monopoly electric utilities. PURPA directed the Federal Energy Regulatory Commission (“FERC”) to promulgate regulations “to *encourage* cogeneration and small power production” including regulations that “require electric utilities to offer to . . . purchase electric energy from such facilities[.]”¹

At issue here is FERC’s regulation mandating that utilities pay QFs a price set at the utility’s “full avoided cost.”² Oregon law itself mandates that the “price for such purchase shall not be less than the utility’s avoided cost[.]”³ and also requires the Commission to increase the marketability of QFs and to create a settled and uniform

¹ 16 USC § 824a-3(a) (emphasis added).

² *Am. Paper Inst., Inc. v. Am. Elec. Power Serv. Corp.*, 461 US 402, 406, 413-17 (1983); *see also* 18 CFR § 292.101(b)(6).

³ ORS 758.525(2).

institutional climate for Oregon QFs.⁴

As with any rate filing, the utility has the burden of proof to demonstrate that the factual inputs and assumptions for a proposed change in its avoided cost rates is justified. The Commission’s administrative rules specifically state that the utility “has the burden of supporting and justifying” the underlying avoided cost data.⁵ Likewise, the Commission’s administrative rules specifically state that “[s]tandard rates for purchases shall be implemented . . . [i]n the same manner as rates are published for electricity sales”⁶ The Commission has also explained that “[a]voided cost filings are subject to suspension and the same investigatory process that any tariff filing may undergo.”⁷

B. PGE’s Proposed Contribution to Peak Capacity Value for Solar QFs Is Unjustified and Should Be Rejected

PGE unreasonably proposes to reduce the contribution to peak capacity value for solar resources from the current value of 15.8% to a proposed value of just 5.5%, which amounts to a 65% reduction in the value of this critical avoided cost input.⁸ Largely due to this single change, the proposed solar renewable avoided cost rates decrease by 10% and the proposed non-renewable avoided cost rates decrease by approximately 20% from the rates currently offered.⁹ There are at least two major flaws with PGE’s proposal.

First, PGE unreasonably assumes that 100% of solar projects under development will achieve commercial operation when available evidence demonstrates that assumption is

⁴ ORS 758.515(3).

⁵ OAR 860-029-0080(6).

⁶ OAR 860-029-0040(4).

⁷ *Re Investigation Relating to Elec. Util. Purchases from QFs*, Docket No. UM 1129, Order No. 05-584, at 36-37 (May 13, 2005).

⁸ PGE’s Application at Attachment C, p. 3.

⁹ PGE Response to REC Data Request 2, Attachment A.

wrong. *Second*, despite updating the aggregate solar capacity, PGE’s IRP Update appears to rely on unreasonable and outdated proxy solar performance characteristics, which if corrected should have a countervailing impact on the contribution to peak capacity value for solar resources. Therefore, the Commission should require use of the currently approved contribution to peak capacity for solar resources due to the flawed analysis in PGE’s proposal.

1. PGE Unreasonably Assumes that 100% of Solar Projects Under Development Will Achieve Commercial Operation

According to PGE, the main driver for the reduction in PGE’s proposal to reduce the contribution to peak capacity for solar is an increase in assumed solar resources online. Among other assumptions, PGE assumes that substantial new solar resources are already expected to serve PGE’s load within the near future, including many new solar QF contracts.¹⁰ PGE does not know how many contracted QFs will actually come online. But instead of using a reasonable estimate for a failure rate of projects under development, PGE assumes that 100% of these facilities will achieve commercial operation. Because PGE assumes that the contribution to peak capacity of incremental solar resources decreases as the solar penetration level increases, a higher solar penetration level results in a lower contribution to peak capacity value for incremental solar resources.¹¹

As REC and NIPPC explain, it is unreasonable to assume that every proposed solar facility under contract will successfully be built. REC and NIPPC have supplied

¹⁰ PGE’s Application at 2; PGE Response to REC Data Request 3.

¹¹ PGE’s Application at 4 (stating, “PGE includes all executed PURPA QF contracts in the Baseline Portfolio”).

PGE's responses in discovery that demonstrate the flaw in PGE's assumption. In those discovery responses, PGE admits that historically, only about half of contracted QFs have ultimately come online.¹² Additionally, in the time since PGE's selected snapshot date for development of the solar capacity contribution values, PGE has terminated 19 contracts totaling 88 MW that it had included in its IRP Update baseline, or approximately 28.8% of the resources (and 27.6% of the MW) that were not yet online.¹³ Already, that produces a potential success rate, at best, of only about 71%, a significant difference from PGE's proposed 100% assumption.

Thus, the prime driver of a reduction in avoided costs for solar is not adequately supported and it should be rejected by the Commission.

2. PGE Also Relies on Unreasonable Performance Characteristics of Solar Projects in Recalculating Solar Projects' Contribution to Peak Capacity Value

In addition to faulty assumptions regarding QF success rates, PGE's proposal further appears to rely a flawed solar proxy with unreasonable solar performance metrics.

As NewSun's preliminary comments in its request for extension of time explain, the solar performance characteristics in its IRP Update based on the HDR inputs appear to be flawed in ways that would be expected to reduce the capacity contribution of the solar proxy. OSSIA further explains that PGE's proxy assumptions fail to properly account for the fact that much of PGE's solar capacity online and under contract is located on the west side of the Cascades and therefore is likely to have a lower impact on contribution to peak capacity for incremental solar resources than the Christmas Valley

¹² PGE's Response to REC Data Request 8.

¹³ PGE's Response to REC Data Request 5.

proxy assumptions PGE uses. Given that stakeholders with expertise in these matters have raised major concerns and that discovery on these subjects remains outstanding as to today's due date for comments, CREA agrees with NewSun that more time is needed to fully analyze these issues. In any event, the Commission should not approve of PGE's current proposal's performance characteristics of the solar proxy, which has not been adequately vetted and supported.

III. CONCLUSION

For the reasons explained above, the Commission should not approve PGE's proposed update to the contribution to peak capacity values for solar avoided costs. Instead, the Commission should require use of the currently approved contribution to peak capacity for solar resources due to the flawed analysis in PGE's proposal.

Dated this 8th day of June 2021.

Respectfully submitted,

s/ Gregory M. Adams

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