

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1837

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into the Treatment of New
Facilities Direct Access Load.

REPLY COMMENTS OF VITESSE, LLC

I. INTRODUCTION

Vitesse, LLC (Vitesse), a wholly-owned subsidiary of Facebook, Inc. (Facebook), owns and operates a large data center in Prineville, Oregon where it is a customer of Pacific Power & Light Company (Pacific Power).

Vitesse thanks the Public Utility Commission of Oregon (Commission) for the opportunity to participate in this important proceeding addressing the treatment of new commercial and industrial load under Direct Access. Vitesse and a number of other parties respectfully suggest that customers with “new load” should be allowed to purchase power from non-utility electricity service suppliers (ESSs) without being required to pay the same transition charges that customers with existing load must pay for the opportunity to select power sources.

The majority of the parties to this proceeding agree that incremental additional load must be above a threshold size to qualify as new load. Large incremental additional load is of no consequence to cost-of-service (COS) customers until the utility reasonably incurs generation costs it would not otherwise incur in the absence of the new load.

As noted by the Public Utility Commission of Oregon Staff (Staff), application of the general principles governing treatment of new load under the Direct Access Program should be

informed by utility-specific information.¹ Given that Vitesse is a customer of Pacific Power, many of the following comments address information contained in the Opening Comments submitted by Pacific Power.

II. NEW LOAD OF 10 aMW OR MORE IS SUFFICIENTLY LARGE TO CAUSE THE UTILITY TO PROCURE GENERATION RESOURCES NOT ADDRESSED IN THE UTILITY'S CURRENT PLAN.

In its Opening Comments, Vitesse respectfully suggested that the Commission establish a threshold size above which a customer's incremental additional load qualifies as new load that is exempt from transition charges imposed under the Direct Access Program. Focusing on the examples presented by Pacific Power during the November 6, 2017 workshop, that threshold would necessarily be above 1.5 aMW and below 15 aMW.

Pacific Power proposes a "bright line size threshold" of 10 aMW.² The Industrial Customers of Northwest Utilities (ICNU) propose a rebuttable presumption that a utility has not planned to serve an increase of 10 aMW or more.³ Similarly, the Northwest and Intermountain Power Producers Coalition (NIPPC) identifies incremental additional load of 10 aMW or more as one of the bases for designation as new load.⁴

While Vitesse believes that incremental additional load of less than 10 aMW is of no consequence to COS customers until the utility reasonably incurs generation costs it would not otherwise incur in the absence of the new load, a bright line threshold affords customers a necessary measure of certainty when considering whether to elect Direct Access. Accordingly, Vitesse supports 10 aMW as the threshold size above which a customer's incremental additional load qualifies as new load that is exempt from transition charges imposed under the Direct Access Program.

¹ Staff's Simultaneous Opening Comments, p. 3.

² PacifiCorp's Opening Comments, p. 3.

³ Opening Comments of the Industrial Customers of Northwest Utilities, p. 3.

⁴ Opening Comments of Northwest and Intermountain Power Producers Coalition, p. 2.

III. VESTING THE UTILITY WITH DISCRETION TO DETERMINE WHETHER INCREMENTAL ADDITIONAL LOAD QUALIFIES AS NEW LOAD WOULD DEPRIVE CUSTOMERS OF A NECESSARY MEASURE OF CERTAINTY WHEN DECIDING WHETHER TO ELECT DIRECT ACCESS.

Pacific Power asks the Commission to vest the utility with discretion to determine whether incremental additional load qualifies as new load.⁵ Pacific Power identifies six factors that it proposes to consider in making that determination. The first five factors are largely, if not entirely, irrelevant to the central issue of whether the utility has already planned for the incremental additional load and, as a result, reasonably incurred costs necessary to acquire additional generation resources. The sixth factor – whether the incremental additional load exceeds the growth projected by application of the utility’s regression model – is generally subsumed within the two criteria proposed by Vitesse, ICNU, and NIPPC. As reflected in Pacific Power’s presentation during the November 6, 2017 workshop, incremental additional load of 10 aMW or more would likely exceed the utility’s current projected growth. Obviously, at the point of initial notification by the customer, the utility will not have incurred costs to acquire additional generation resources to serve the new load. Consequently, at that point, the existing COS customers are unaffected by the new load.

As noted in the Vitesse’s Opening Comments, execution of a Master Electric Service Agreement (MESA) is irrelevant in determining whether incremental additional load should be subject to transition charges under the Direct Access Program. Until the utility reasonably acquires additional generation resources to serve incremental additional load of 10 aMW or more, existing COS customers are unaffected and the new load should be exempt from transition charges.

The rebuttable presumption proposed by ICNU is consistent with the proposal presented in Vitesse’s Opening Comments. Rather than vesting the utility with considerable discretion, Vitesse respectfully suggests that incremental additional load of 10 aMW or more (regardless of whether associated with new or existing customers, meters or facilities) be designated new load unless the utility establishes before the Commission that it reasonably and prudently incurred costs to acquire additional generation resources to serve the load.

⁵ PacifiCorp’s Opening Comments, p. 3.

IV. VITESSE SUPPORTS ALLOWING UTILITIES TO COMPETE FOR NEW LOAD ON THE SAME FOOTING AS ESSs, PROVIDING DOING SO DOES NOT NEGATIVELY IMPACT EXISTING CUSTOMERS.

As noted by Pacific Power, an appropriately-designed program that allows utilities to compete for new customer load will result in a more robust competitive marketplace in Oregon.⁶ The key is ensuring that COS customers are ultimately unaffected by the decisions of customers electing alternative service supply from either the incumbent utility or an ESS.

V. CONCLUSION

Again, Vitesse appreciates the opportunity to participate in this proceeding. As concluded by all parties other than the Oregon Citizens' Utility Board, there is no reason why the Commission cannot, or should not, consider eliminating or substantially reducing transition charges for new load. A threshold of 10 aMW is appropriate. Unless the utility can establish before the Commission that it reasonably incurred costs to acquire generation resources to serve the incremental additional load of 10 aMW or more, Vitesse respectfully suggests the new load should be exempt from transition charges imposed under the Direct Access Program.

Dated this 19th day of December, 2017.

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⁶ PacifiCorp's Opening Comments, p. 9.