

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 20, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: April 12, 2021

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and Caroline Moore **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1631)
Petition for Limited Waiver of OAR 860-029-0085(4) to extend the annual avoided cost update filing deadline to October 1, 2021.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp, PAC, or Company) request for a limited waiver of OAR 860-029-0085(4) and change the Company's annual avoided cost update filing date to October 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request for a limited waiver of OAR 860-029-0085(4) and change the annual avoided cost update filing from May 1 to October 1, 2021.

Applicable Rule

OAR 860-029-0085(4) requires a public utility to submit updates to its standard avoided cost rates on May 1 of each year.

OAR 860-029-0005(4)¹ allows for requests or motions to waive any of the Division 29 rules for good cause shown.

¹ In PacifiCorp's initial filing, OAR 860-001-0000(2) was incorrectly cited as the applicable rule for Company's requested waiver of OAR 860-029-0085(4).

Analysis

Background

On March 26, 2021, the Company submitted its petition for a limited waiver of the requirement in OAR 860-029-0085(4) to file an annual update to its avoided cost prices on May 1. PacifiCorp seeks to change the annual avoided cost update filing date from May 1, 2021 to October 1, 2021. In the Company's application, PacifiCorp cites the August 3, 2020 Staff report for Docket No. UM 2108, where Staff recommended the Company move its May 1, 2021 avoided cost update to October 1, 2021, as good cause for the waiver.²

In 2019, PacifiCorp initiated a queue reform process to overcome major issues preventing a functional generator interconnection process. The Company attributed the backlog to processing interconnection requests in first come, first served serial queue order.³ On May 12, 2020, the Federal Energy Regulatory Commission (FERC) approved PacifiCorp's request to modify its Open Access Transmission Tariff (OATT) for the purpose of interconnection queue reform and on June 15, 2020, the Company submitted its Application for an Order Approving Queue Reform Proposal (Proposal) to the Commission. In the proposal, PacifiCorp requested to move from the serial first come, first served interconnection study process to a first ready, first served Cluster Study process for Qualifying Facility (QF) interconnections subject to the Commission's jurisdiction.

Following a series of workshops to address various elements of the Company's Proposal, stakeholders were invited to submit written comments, which Staff later addressed in the August 3, 2020, Docket No. UM 2108 Staff report cited in relation to this waiver request. In the referenced section of the Docket No. UM 2108 Staff report, Staff responded to concerns expressed by QF parties regarding the timeline of avoided cost updates and the Transition Cluster Study being disadvantageous to QFs attempting to negotiate Power Purchase Agreements (PPA) with the Company after the Transition Cluster Study results are issued. Staff agreed with QF parties' concerns that the expected timing of the Transitional Cluster study results would likely cause a compressed timeline for QFs to make an informed decision about whether to commit to a draft PPA, where prices would be subject to change should the contract execution date occur after May 1, 2021. To mitigate this issue, Staff recommended that PacifiCorp change the May 1, 2021 avoided cost update to October 1, 2021.⁴

²See Docket No. UM 2108, Order No. 20-268, Appendix A at 26, *In the Matter of PacifiCorp d/b/a Pacific Power Application for an Order Approving Queue Reform Proposal*.

³ Id.

⁴ Id.

Staff Analysis

PacifiCorp's filing implements the recommendation made by Staff to PacifiCorp in its August 3, 2020 Staff Public Meeting Report to move the date of annual avoided cost update filing from May 1 to October 1. Because PacifiCorp is required to file the annual update on May 1 under OAR 860-029-0085(4), PacifiCorp must file a written request to waive the May 1 requirement under OAR 860-029-0005(4).

As noted above, Staff had previously recommended PacifiCorp move the annual update to October 1 rather than May 1 to allow opportunity for QFs that may have participated in PacifiCorp's Transition Cluster Study to negotiate and execute a PPA after receiving the Transition Cluster Study results and before any avoided cost rate change. Staff reviewed PacifiCorp's initial Proposal in Docket No. UM 2108, as well as Stakeholder comments related to the Proposal, in order to determine if the rationale for extending the avoided cost update remained sound. Based on this review, Staff recommends the Commission find there is good cause to waive the May 1 filing date requirement in OAR 860-029-0085(4) for PacifiCorp and move the date for PacifiCorp's 2021 annual avoided cost update filing to October 1.

Conclusion

The Commission should approve Pacific Power's request for a limited waiver of OAR 860-029-0085(4) and move PacifiCorp's annual avoided cost update filing to October 1, 2021.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request for a limited waiver of OAR 860-029-0085(4) and change the annual avoided cost update filing date to October 1, 2021.