

ORDER NO. **17 239**

ENTERED **JUL 07 2017**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1794

In the Matter of

PACIFICORP, dba PACIFIC POWER

Investigation into Schedule 37 - Avoided
Cost Purchases from Qualifying Facilities
of 10,000 kW or Less.

ORDER

DISPOSITION: DOCKET CLOSED; NEW PROCEEDING TO BE OPENED

I. SUMMARY

In this order, we close this investigation into PacifiCorp, dba Pacific Power's 2016 avoided cost prices and state our intention to schedule a Commission workshop to allow a broader discussion of how setting avoided costs is informed by our review of the integrated resource plans (IRPs) and requests for proposals to construct new facilities (RFPs) processes for all utilities in Oregon subject to regulation under the Public Utility Regulatory Policy Act (PURPA).

II. BACKGROUND

As explained in Order No. 17-176, we opened this docket in August 2016 to provide the parties an expedited process to address issues raised during our review of PacifiCorp's avoided cost update following the passage of Senate Bill 1547. From the start, however, the investigation was delayed due to our failure to properly define its scope, which lead to requests for clarification and disputes about discovery.

As this proceeding carried on into May 2017, we questioned whether the investigation—regardless of how we clarified its scope—could be completed in a short enough time frame for any meaningful prospective adjustment to PacifiCorp's avoided cost prices. We noted that the investigation would likely be overtaken by the next cycle in our normal process for updating avoided cost prices.

Given those circumstances, we sought party comment on how best to proceed. We noted that, with time, the inputs used in PacifiCorp's 2015 IRP had aged and became less relevant to the calculation of PacifiCorp's current avoided costs. For that reason, we stated that we were inclined to close this docket in order to allow the parties to focus on the more recent data inputs and assumptions used in PacifiCorp's 2017 IRP. We did, however, express a willingness to consider parties' comments on whether it was possible for this docket to inform a new set of avoided cost prices that would be effective for a meaningful period of time, i.e., the interval

between our decision in this docket and the new avoided cost prices put in place following PacifiCorp's 2017 IRP process. To accomplish that goal, we asked that any proposal to continue this docket demonstrate the need to now address a well-defined set of issues, and include a proposed procedural schedule that would result in the final resolution of this docket before the end of September 2017.¹

III. DISCUSSION

A. Positions of the Parties

PacifiCorp and Staff both recommend that we close the docket. They agree that the parties and Staff should direct their resources most efficiently by actively participating in PacifiCorp's current 2017 IRP proceeding, docket LC 67, and the post-IRP acknowledgement avoided cost update. Staff and PacifiCorp do not believe that we can reasonably conclude a contested case proceeding by the September 30, 2017 deadline identified in Order No. 17-176.

CREA and the Coalition acknowledge the difficulties of timely resolving the issues in this proceeding, but believe that, at a minimum, we should adjust the sufficiency period for the PacifiCorp's renewable resources before the 2017 IRP concludes. CREA and the Coalition contend that closing the docket without adopting a change that reflects PacifiCorp's actual plans to acquire new renewable resources by 2020 would allow the company to keep its inaccurate avoided cost prices in effect for at least two years to the detriment of qualifying facilities (QFs) and ratepayers.

Renewable Northwest similarly argues that PacifiCorp's current avoided cost prices, set at a time before PacifiCorp indicated its intent to procure renewable resources in the near term, do not reflect the company's true acquisition plans. Although Renewable Northwest generally advocates for updates that adhere to our established practice, it contends that the current circumstances are significant enough to justify departing from that practice. Renewable Northwest also raises larger issues with respect to our processes and their ability to capture what they see as the realities of utility planning and procurement.

B. Commission Resolution

In retrospect, our desire to have the parties address the impact of SB 1547 on PacifiCorp's 2016 avoided cost update, so shortly after the bill was enacted into law, led to the opening of numerous and time-consuming policy issues that we did not anticipate. This was due in no small part to our failure to clearly delineate the scope of the issues to be addressed in this expedited docket and thereby streamline the process.

The passage of time and the occurrence of new events, whose effects would have to be taken into consideration, weigh too heavily on this proceeding to make a well-reasoned conclusion supported by a solid evidentiary record possible within an acceptable timeframe. Consequently, despite the best efforts and resources of the parties, we find that closing this docket is the only reasonable course.

¹ Order No. 17-176 at 4 (May 18, 2017).

Of great significance, however, is the fact that the events in this case have served to expose important questions worthy of examination in their own right and have caused us to review some policy gaps in how setting avoided costs is informed by our IRP and RFP processes for all utilities in Oregon subject to PURPA regulation. We acknowledge a need to address, among other matters:

1. Challenges that may exist with examining a utility's resource deficiency date for avoided cost purposes, including when the deficiency date identified in the IRP is outside the action plan window or when the utility pursues a resource action or RFP without IRP acknowledgment; and
2. The avoided cost implications where a utility is pursuing near-term capacity investments that are not driven by reliability, renewable portfolio standard (RPS), or load-service needs.

To initiate that examination, we will schedule a Commission workshop to allow a broader discussion of these issues to help identify the scope of issues and the best procedural path forward to address them.

IV. ORDER

IT IS ORDERED that the investigation into Schedule 37 - Avoided Cost Purchases from Qualifying Facilities of 10,000 kW or Less of PacifiCorp, dba Pacific Power is closed.

JUL 07 2017

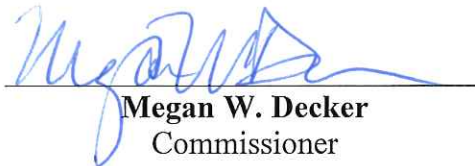
Made, entered, and effective _____.



Lisa D. Hardie
Chair



Stephen M. Bloom
Commissioner



Megan W. Decker
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.