

ORDER NO. 20-064

ENTERED Mar 03 2020

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1610

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Staff Investigation Into Qualifying Facility
Contracting and Pricing.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our February 25, 2020 Regular Public Meeting, to approve PacifiCorp, dba Pacific Power's January 11, 2020 Third Amended Compliance Filing, with rates going into effect for service on and after February 26, 2020. We also direct Staff to work with parties and the Administrative Hearings Division to find a vehicle for a brief examination on the limited question of whether the designation of a Qualifying Facility (QF) as a network resource under PacifiCorp's network integration transmission service agreement with BPA represents an opportunity for PacifiCorp to avoid incremental transmission costs related to a QF that is in a load pocket.

Made, entered, and effective Mar 03 2020.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 25, 2020**

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: February 18, 2020

TO: Public Utility Commission

FROM: Marc Hellman

THROUGH: Michael Dougherty and JP Batmale **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1610)
Application for Approval of Third Amended Compliance Filing for Third Party
Transmission Costs.

STAFF RECOMMENDATION:

The Oregon Public Utility Commission (Commission) should accept Pacific Power's (PacifiCorp) February 11, 2020, Third Amended Application for Approval of Compliance Filing with rates going into effect for service on and after February 26, 2020.

DISCUSSION:

Issue

Whether the Commission should accept, modify, or suspend for further investigation PacifiCorp's Third Amended Application for Approval of Compliance Filing dated February 11, 2020, consisting of amended revised standard and non-standard avoided cost rate schedules and exhibits.

Applicable Rule or Order

The Commission originally directed PacifiCorp, in Order No. 19-172, page 12 to file within 60 days "...revised standard contract forms that set forth standard rates, terms and conditions that are consistent with the resolutions made in this order," and stated, "The revised contract forms shall become effective 30 days after the date of filing unless otherwise suspended..."

UM 1610
February 18, 2020
Page 2

Filings that make any change in rates, tolls, charges, rules or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220.

The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable.

Prices contained in the schedules files by public utilities shall be reviewed and approved by the Commission. ORS 758.525 (1)

Analysis

Background

A discussion of events occurring through August 16, 2019, was provided to the Commission in the Brittany Andrus Public Meeting memo, presented as Consent Agenda No. 9, at the August 27, 2019, Public Meeting. The Commission adopted Staff's then recommendation to suspend for further investigation PacifiCorp's amended compliance filing. That action is Order No. 19-284, issued on August 29, 2019.

After the suspension of the PacifiCorp amended compliance filing, PUC Staff and the Company met a few times over the months of September and October to discuss the issues regarding the compliance filings. As a result of those meetings, PacifiCorp filed a second amended compliance filing on December 11, 2019. PacifiCorp notes on page two of its December second amended compliance filing:

After further discussions with Commission Staff, PacifiCorp made several significant modifications and clarifications to both the Standard and Non-Standard Avoided Cost Rate schedules as well as the form of Exhibit [X], which are being submitted in this Second Amended Application for Approval of Compliance Filing (Second Amended application). First, Exhibit [X], which was originally contemplated as a proposed exhibit for incorporation into Standard and Non-Standard QF PPAs, has been made an exhibit to the Standard and Non-Standard Avoided Cost Rate schedules and renamed Exhibit A – Transmission Service for Excess Generation. Attachment A to this Application is the amended Standard and Non-Standard Avoided Costs Rate schedules with the new Exhibit A. Second, to reduce redundancies and improve clarity in the Standard and Non-Standard Avoided Cost Rate schedules, PacifiCorp moved language that was originally proposed in the revised Standard and Non-Standard Avoided Cost Rate schedules to the newly incorporated Exhibit A of such schedules. Finally, Exhibit A was expanded to include Table A – Fixed Monthly Third-Party Transmission Rates, a table by year of the fixed monthly transmission service components

UM 1610
February 18, 2020
Page 3

for Bonneville Power Administration (BPA) and Portland General Electric (PGE).

Staff appreciates the many changes that PacifiCorp included in the December 11, 2019, Second Amended Compliance filing. Staff also notes that the December Second Amended Compliance filing had effective dates of January 15, 2019, as well as January 15, 2020, on various pages of the filing. Even though the Second Amended Compliance filing met many of Staff's concerns, the inconsistent effective dates along with a few remaining concerns led Staff to contact the Company about extending the effective date of the tariffs. In informal discussions with Staff, PacifiCorp stated it was agreeable to have the rates not go into effect to allow for continuing discussions with Staff for the purposes of resolving any remaining issues as well as fix any tariff language included in the Second Amended filing. In reviewing the UM 1610 eDocket's log, Staff has not observed any official PacifiCorp action to extend the Second Amended Compliance Filing tariff effective dates. Given that Staff is not aware of any third party wheeling activity that would be applicable under this tariff, Staff does not believe any harm has arisen from PacifiCorp's lack of official request to extend the Second Amended Tariff filing effective dates.

After filing the Second Amended Compliance filing, Staff had discussions with Greg Adams, representing Community Renewable Energy Association (CREA), and Irion Sanger representing Renewable Energy Coalition (REC) to see if they continued to have concerns. In advance of a December 18, 2019, conference call with Adams and Sanger, they jointly sent a letter (ASL) addressed to Stephanie Andrus and myself detailing their review of the December 11, 2019, PacifiCorp Second Amended Compliance filing.

CREA and REC also submitted comments on February 18, 2020, objecting to PacifiCorp's Second and Third Amended Compliance Filings. That correspondence identifies six outstanding issues as well as eight resolved issues.¹ A copy of the CREA and REC comments are provided as Attachment A to this memo. For ease of reference, the six identified CREA/REC issues are listed below:

1. PacifiCorp's Final Compliance Proposal Ignores the Possibility that PacifiCorp Should Use BPA Network Transmission for Certain QFs
2. PacifiCorp's Formula Still Unlawfully Charges the QF for Losses on PacifiCorp's Side of the Point of Interconnection
3. PacifiCorp's Amended Compliance Filing Does Not Provide QFs Sufficient Information and Studies to Support PacifiCorp's Determinations

¹ The comments list eight however only seven are numbered and while there appears an eighth, it is not numbered.

UM 1610
February 18, 2020
Page 4

4. The Commission Should Require PacifiCorp to Complete a Preliminary Analysis of the QF's Load Pocket Status Prior to PPA Execution
5. The Commission Should Remove the Ability for PacifiCorp to Determine It Will Not Purchase a QF's Output
6. The Commission Should Require PacifiCorp to File Quarterly Status Reports Regarding Load Pocket QFs and Implementation of the Load Pocket Policy

Staff did explore with PacifiCorp the possibility of resolving all CREA/REC contested issues; but, no resolution was reached. In that regard, Staff had a follow-up conference call with Adams and Sanger on January 7, 2020, regarding discussions with PacifiCorp. A primary reason for not resolving the contested issues is that the outstanding issues identified by ASL are viewed as outside the scope of the Commission order directing PacifiCorp to make a compliance filing to provide for a five-year term of fixed third-party wheeling rates.

Staff has also independently reviewed the Second Amended Compliance filing. As PacifiCorp notes in its filing, the Second Amended filing had substantive changes including providing in its tariff two sets of multi-year third-party wheeling rates should QF generation exceed the load of a load pocket. One set of wheeling rates is for the Bonneville Power Administration and the other for Portland General Electric. The third-party transmission rates are, "escalated each year by PacifiCorp's acknowledged integrated resource plan escalation rate for third-party transmission service."² The annual escalation rate is 2.5 percent and is documented in the PacifiCorp UM 1610 work papers, Tab "BPA Components". The column showing losses also tends to change year over year, but those changes reflect the changes in contract price reflecting standard avoided cost for wind outside of PacifiCorp's balancing authority area. These changes are consistent with Commission direction and Staff appreciates those improvements on the tariff.

Staff held two conference calls with PacifiCorp to discuss the Second Amended Compliance filing and possible changes to the filing. These calls were held on January 3, 2020, and on February 4, 2020. As a result of these calls, PacifiCorp agreed to make several changes to its Second Amended Compliance filing. PacifiCorp describes the changes on page three of its Third Amended Compliance Filing. Each of the identified changes directly responds to the concerns Staff voiced to the Company. The PacifiCorp Third Amended Compliance filing descriptions of these changes are presented below:

² PacifiCorp second-amended filing Table A, on Page 18.

- a. *Language was added to Option 1, direct pass-through of actual costs, in the Standard Avoided Cost Rate and the Non-Standard Avoided Costs Rate schedules that within 10 days of a request, PacifiCorp will provide supporting documentation of the actual costs incurred by the company and for which it is requesting reimbursement;*
- b. *Language was added to Option 2, fixed forecasted costs, in the Standard Avoided Cost Rate and the Non-Standard Avoided Costs Rate schedules to clarify that the company will provide workpapers and any other pertinent material supporting the calculation of the proposed monthly fixed charge;*
- c. *Table A for BPA was corrected for a math error in summing the long term point- to-point and the scheduling, control and dispatch components by year of BPA's fixed monthly transmission rate; and*
- d. *Language was added to Note 1 of the BPA Table and Note 2 of the PGE Table to explain that on each five year anniversary of the start date under the transmission service agreement between PacifiCorp and PGE, the loss component in the Fixed Monthly Transmission Rate will be adjusted based on the applicable forecasted Standard Avoided Cost rates provided in Table A then in effect.*

Changes “a” and “b” respond to a Staff concern regarding access to supporting documentation. While PacifiCorp stated its intention to provide such information to the QF, Staff thought it was reasonable to include language to that effect. This change request is consistent with page twelve of Order No. 19-172, the following language appears:

We also agree that QFs should be provided with: 1) an explanation concerning the applicability of the third-party transmission charge, its determination on a contract-by-contract basis, and information about calculation of the amount; and 2) a statement that PacifiCorp will provide a QF with a copy of studies performed by PacifiCorp Transmission and any third-party transmission providers to determine that incremental third-party transmission is required to integrate the QF's output at the time the determination is made.

UM 1610
February 18, 2020
Page 6

Change “c” is a substantive change. The table below displays rates for the year 2020 for the Second and Third Compliance Filings.

	BPA Wheeling Rates		
	A	B	A + B
	Long Term Point-to-Point	Scheduling, Control & Dispatch	Capacity Sub-Total
Year 2020			
2nd Amended Compliance Filing	1.471 \$/kW-Month	0.322 \$/kW-Month	2.803 \$/kW-Month
3rd Amended Compliance Filing	1.533 \$/kW-Month	0.365 \$/kW-Month	1.898 \$/kW-Month

For Columns “A” and “B”, the changes in the BPA rates reflect the fact that BPA just completed a Transmission rate case and as a result new BPA rates are in effect. Therefore this change is just recognizing that new BPA Transmission rates are in effect.

For Column “A+B”, the change here is that the Second Amended Compliance Filing included, inadvertently by PacifiCorp, BPA charges for Variable Energy Resource Balancing Service. The Third Amended Compliance Filing appropriately removes these charges from the calculation.

Change “d” concerns the calculation of losses. Staff requested this change to clarify that the calculation of losses would also be revised when the transmission wheeling charges are revised. This is more consistent with the concept of using a “market” price in the calculation of losses.

Staff appreciates PacifiCorp revising its Second Amended Compliance Filing, and as a result, Staff finds that the Third Amended Compliance Filing complies with the Commission Order No. 19-172.

As noted earlier, Staff did have discussions with REC and CREA. Given their correspondence concerning the Second and Third Amended Compliance filing provided in Attachment A, those parties likely will not support the Staff finding. Nevertheless, Staff does support the finding that the Third Amended Compliance Filing complies with the Commission order. Staff notes that the Commission direction in its order is to develop a five-year, forecasted, fixed price tariff option for incremental third-party transmission costs. Again, Staff interprets the order to limit the scope of any review and not an opportunity to address any other concern outside of this express direction.

UM 1610
February 18, 2020
Page 7

Conclusion

The PacifiCorp Third Amended Compliance filing complies with the Commission Order No. 19-172.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's January 11, 2020, Third Amended Compliance Filing and permanently suspend rates filing pursuant to PacifiCorp's Second Amended Compliance Filing.

Attachment A

BEFORE THE

IN THE MATTER THE PUBLIC UTILITY)	Docket No. UM 1610
COMMISSION OF OREGON)	
)	
Investigation Into Qualifying Facility)	OBJECTION TO PACIFICORP'S
Contracting and Pricing)	SECOND AND THIRD AMENDED
)	COMPLIANCE FILINGS OF THE
)	COMMUNITY RENEWABLE ENERGY
)	ASSOCIATION AND THE
)	RENEWABLE ENERGY COALITION

INTRODUCTION AND SUMMARY

The Community Renewable Energy Association (“CREA”) and the Renewable Energy Coalition (“REC”) (collectively the “Joint QF Parties”) respectfully submit this Objection to PacifiCorp’s second and third amended compliance filings made in response to the Public Utility Commission of Oregon’s (“OPUC” or “Commission”) Order No. 19-172.

At this point, PacifiCorp has made a total of four compliance filings since the issuance of Order No. 19-172. The Joint QF Parties have previously filed an objection to PacifiCorp’s initial Compliance Filing on July 29, 2019 (referred to herein at the “*July 29th Objection*”) as well as an objection to PacifiCorp’s first Amended Compliance Filing on August 16, 2019 (referred to herein as the “*August 16th Objection*”), where we highlighted points of continued disagreement and noted points of agreement. PacifiCorp subsequently filed its Second Amended Compliance Filing on December 11, 2019, and it then filed its Third Amended Compliance Filing on February 11, 2020. This instant filing by the Joint QF Parties is intended to summarize the Joint QF Parties’ position on PacifiCorp’s collective and final compliance proposal to facilitate the Commission’s consideration of the issues for resolution.

OBJECTION TO PACIFICORP’S SECOND AND THIRD AMENDED COMPLIANCE
FILINGS OF THE COMMUNITY RENEWABLE ENERGY ASSOCIATION AND THE
RENEWABLE ENERGY COALITION
UM 1610 – PAGE 1

As we noted in our prior objections, while PacifiCorp has agreed to voluntarily revise some of the elements of the initial compliance filing, PacifiCorp's compliance filing continues to contain several flaws that will arbitrarily and unnecessarily deter small renewable energy facilities from being developed in Oregon. To ensure the record is clear, this filing will list the issues that remain in dispute and largely refer the Commission to the prior filings of the Joint QF Parties on those issues without fully restating such position.

By far, the most significant remaining problem with PacifiCorp's compliance filing is its proposed language that appears to forever foreclose the ability for QFs to have a potential load pocket problem resolved through use of PacifiCorp's Network Integration Transmission Service Agreement ("NITSA") with Bonneville Power Administration ("BPA"). In addition to using network transmission on PacifiCorp's own transmission system, PacifiCorp serves substantial Oregon loads through network transmission on BPA's system under its BPA NITSA. The use of BPA NITSA for certain load pocket QFs could solve the load pocket problem at no incremental cost. In effect, PacifiCorp's proposal in the compliance filing would bar QFs from using the BPA NITSA and thereby block QFs from serving substantial amounts of Oregon loads even where it is entirely feasible to do so. The Joint QF Parties urge the Commission to require PacifiCorp to revise its compliance filing on this point.

Additionally, the Joint QF Parties also stand by their position on several issues that PacifiCorp has declined to correct thus far, which are outlined below.

OBJECTION

1. PacifiCorp's Final Compliance Proposal Ignores the Possibility that PacifiCorp Should Use BPA Network Transmission for Certain QFs

The Joint QF Parties stand by their argument that the Commission should require that PacifiCorp's compliance filing be modified to clarify that PacifiCorp may only assign third-party point-to-point transmission costs to a QF after PacifiCorp's merchant arm, referred to as Energy Supply Management ("PacifiCorp ESM"), has received notification that the QF cannot be designated as a network resource under either of PacifiCorp ESM's network service agreements, including its BPA NITSA. *Joint QF Parties' July 29th Objection* at 12-14. PacifiCorp refuses to do so, but it has not yet provided any substantive reason in this proceeding for why it cannot do so. Nor has the Commission made any findings that would support a ruling against the Joint QF Parties on this point.

Instead, PacifiCorp's proposal would limit all load pocket QFs to the use of costly incremental point-to-point transmission on BPA or another utility's system. As we have repeatedly demonstrated, PacifiCorp already uses the BPA NITSA for some QFs located in load pockets at no incremental costs, and has admitted that it also uses the BPA NITSA for PacifiCorp-owned generation located in load pockets. This is plainly outlined in our July 29th Objection and PacifiCorp's own discovery responses attached thereto. *See Joint QF Parties' July 29th Objection* at 12-14 & Attachment 1 at pp. 1-8.

It is worth stressing how simple the Joint QF Parties' proposal is. After determining that PacifiCorp Transmission will not designate the QF as a network resource, PacifiCorp ESM must simply request that BPA Transmission designate the QF as a network resource under the BPA

NITSA. *See id.* (proposing revised language for the process). If BPA Transmission is able to do so, then the load pocket problem is solved for that QF without any incremental costs – just as has occurred in the past for certain QFs and PacifiCorp-owned generation. If BPA Transmission determines that is not possible, however, PacifiCorp ESM may then proceed to take the steps to use costly point-to-point transmission over BPA’s system or the system of the other affected utilities. We have attached to these comments a flow chart of the process and steps that PacifiCorp ESM would take under the Joint QF Parties’ proposal, which was previously supplied to Staff in discovery in this proceeding. The Commission has never found any basis in fact or law to deny the use of the BPA NITSA for QFs, and PacifiCorp has never presented any evidence that would support such a finding.

PacifiCorp will likely argue that BPA network transmission is beyond the scope of this compliance filing. However, the problem here is that PacifiCorp’s final compliance filing proposal, if approved, would provide a justification for PacifiCorp ESM to refuse to ever even investigate the possibility of resolving a load pocket problem through the use of the BPA NITSA. In other words, PacifiCorp would prevail on the issue without it ever even being substantively addressed. The reason for that is the proposed Rate Schedule mandates a process where PacifiCorp ESM is in compliance if it only attempts to designate the QF as a network resource with PacifiCorp Transmission and looks next to secure only point-to-point transmission from a third-party transmission provider (most likely, BPA). Thus, PacifiCorp’s proposal would prejudice any future QF from the possibility of PacifiCorp being required to use BPA NITSA to solve the problem, even though PacifiCorp admits it has in fact used the BPA NITSA for other load pocket QFs and for PacifiCorp-owned generation located in load pockets. At a minimum,

the Commission should preserve the right of individual QFs to challenge PacifiCorp's failure to consider the BPA NITSA as the solution.

In sum, the Joint QF Parties request that the Commission require PacifiCorp to revise its compliance filing to ensure that BPA NITSA may continue to be used to resolve the load pocket issue without incremental cost where it is possible to resolve the problem with the BPA NITSA.

2. PacifiCorp's Formula Still Unlawfully Charges the QF for Losses on PacifiCorp's Side of the Point of Interconnection

The Joint QF Parties stand by their position with respect to the unlawful assessment of line losses to the QF beyond the point of delivery to PacifiCorp. *Joint QF Parties' July 29th Objection* at 9-11. PacifiCorp has refused to correct this error in its filing, and the Commission should direct that it be corrected.

3 PacifiCorp's Amended Compliance Filing Does Not Provide QFs Sufficient Information and Studies to Support PacifiCorp's Determinations

The Joint QF Parties stand by their position that the Commission should require PacifiCorp to provide to individual QFs all information and communications with transmission personnel to support any finding by PacifiCorp that the QF is located in a load pocket and subject to load pocket charges. *Joint QF Parties' July 29th Objection* at 15-16. PacifiCorp appears to agree that its initial proposal was unfair and has now proposed to expand somewhat the materials it will supply the load pocket QF. *PacifiCorp's Application for Approval of Amended Compliance Filing* at 11. However, PacifiCorp continues to refuse to agree to supply QFs with the written communications between PacifiCorp ESM and transmission personnel from PacifiCorp Transmission, BPA Transmission or other affected transmission providers. These communications are, in effect, made by PacifiCorp ESM on the QF's behalf because the QF is

OBJECTION TO PACIFICORP'S SECOND AND THIRD AMENDED COMPLIANCE
FILINGS OF THE COMMUNITY RENEWABLE ENERGY ASSOCIATION AND THE
RENEWABLE ENERGY COALITION
UM 1610 – PAGE 5

ultimately the party that will be paying for any incremental transmission costs. The communications are essential to determining if PacifiCorp ESM timely and correctly lodged the requests to designate the QF as a network resource, and without such communications the QF cannot verify the QF's rights were adequately protected in the process or request correction of any errors made by PacifiCorp ESM. Therefore, the Joint QF Parties maintain their position as proposed in the initial objection.

4. [The Commission Should Require PacifiCorp to Complete a Preliminary Analysis of the QF's Load Pocket Status Prior to PPA Execution](#)

The Joint QF Parties stand by their position that PacifiCorp should provide all QFs with a preliminary determination during contract negotiations of whether they may be subjected to load pocket charges after transmission studies are completed during the months after PPA execution. *Joint QF Parties' July 29th Objection* at 18-19. PacifiCorp has not proposed to amend the compliance filing to accommodate this request. Therefore, the Joint QF Parties stand by the position expressed in their prior objections.

5. [The Commission Should Remove the Ability for PacifiCorp to Determine It Will Not Purchase a QF's Output](#)

PacifiCorp's amended compliance filing still contains an unlawful right for PacifiCorp to refuse to purchase the QF's output if PacifiCorp determines there is no third-party transmission solution to the alleged load pocket problem and even to refuse to allow for extensions to the scheduled commercial operation date to accommodate delays in transmission availability. This is a substantial overreach by PacifiCorp. The Joint QF Parties still stand by their position in the initial objection. *See Joint QF Parties' July 29th Objection* at 19-21.

6. [The Commission Should Require PacifiCorp to File Quarterly Status Reports Regarding Load Pocket QFs and Implementation of the Load Pocket Policy](#)

The Joint QF Parties also stand by their position that the Commission should require status reports regarding the impact of this new policy on QFs. *See Joint QF Parties' July 29th Objection* at 21-22. PacifiCorp has refused to agree to this proposal, and therefore the Joint QF Parties request that the Commission require PacifiCorp to do so.

[RESOLVED ISSUES](#)

For the convenience of the Commission and Staff, the Joint QF Parties list the issues that appear to have been satisfactorily resolved in this section. While PacifiCorp has not completely adopted the Joint QF Parties' position on all of these issues, the final compliance proposal eliminates our main concerns, and we have therefore removed these issues from our ongoing objection to focus on the most important outstanding points for the Commission's resolution. Additionally, there are number of additional relatively minor issues introduced by some of PacifiCorp's proposed modifications to the Second and Third Amended Compliance Filings, but the Joint QF Parties are not raising those issues in the interest of minimizing the points in dispute.

1. [Pre-Established standard capacity and ancillary service charges in rate schedule](#). The Joint QFs Parties argued that the Commission should require PacifiCorp to publish the standard capacity charge (\$/kW-month) and ancillary service charges for the main transmission providers in its rate schedule for approval each time PacifiCorp's avoided costs are approved. *See Joint QF Parties' July 29th Objection*, at 5.

Status in PacifiCorp's Final Compliance Proposal: PacifiCorp agreed to include five-year forecasted transmission rates for BPA and PGE in the rate schedule, and it states BPA and PGE make up 99% of the situations where third-party transmission will be necessary. This issue is therefore resolved.

2. Five-Year Fixed-Price Period Commencement Date. The Joint QF Parties asserted that the Commission should require PacifiCorp to begin the five years of forecasted pricing at the same time as commencement of the five-year period of fixed-price payments under the transmission agreement, as opposed to the five-year period commencing at execution of the PPA. *Joint QF Parties' July 29th Objection* at 6-8.

Status in PacifiCorp's Final Compliance Proposal: Although not noted or explained in the text of PacifiCorp's amended applications, PacifiCorp corrected this problem in the proposed Attachment for inclusion in the PPA. The five-year period runs from the "start date under the transmission service agreement," as opposed to the prior documents which stated that the five-year period began on the effective date of the PPA. This issue is therefore resolved.

3. Escalation Factor in Fixed Transmission Rates. The Joint QF Parties argued that the escalation factor used by PacifiCorp should be transparent and consistent with escalation factors used for other regulatory purposes, such as that used for escalation of other avoided cost components or consistent with escalation of third-party transmission used in the utility's integrated resource plans ("IRP"). *See Joint QF Parties' July 29th Objection* at 11-12.

Status in PacifiCorp's Final Compliance Proposal: The compliance filing's final proposed Rate Schedule (at pp. 18 and 19 note 2) states that it escalates the transmission rates at the same rate as PacifiCorp's IRP. This issue is resolved.

4. Duplicative Integration Charges. The QF Parties objected to the proposal in PacifiCorp's amended compliance filing in the rate escalation formula that states PacifiCorp will assess the load pocket QF the "variable energy resource balancing service" charges of the third-party transmission provider because it would result in duplicate integration charges to the QF. *See Joint QF Parties' August 16th Objection* at 6-7.

Status in PacifiCorp's Final Compliance Proposal: The duplicative integration charge appears to have been deleted in the Second Amended Compliance Filing. This issue is resolved.

5. Charging QFs for Transmission Not Purchased. The Joint QF Parties argued that PacifiCorp's formula in its initial compliance filing could have resulted in charging the QF for transmission capacity in the amount of the QF's full nameplate capacity even where a lesser amount of transmission is needed to resolve the load pocket problem. *Joint QF Parties' July 29th Objection* at 9.

Status in PacifiCorp's Final Compliance Proposal: PacifiCorp resolved this issue in its Amended Compliance Filing. This issue is therefore resolved.

6. Lack of Deadlines for PacifiCorp. The Joint QF Parties argued that the initial compliance filing lacked necessary deadlines for PacifiCorp to take necessary actions to process and resolve the load pocket issues with QFs. *Joint QF Parties' July 29th Objection* at 16-17.

Status in PacifiCorp's Final Compliance Proposal: PacifiCorp resolved this issue in its Amended Compliance Filing. This issue is therefore resolved.

7. Right to Switch Election of Options After Five Years. The Joint QF Parties argued that PacifiCorp's initial compliance filing was flawed because it did not provide a right for the QF to switch from the fixed-price option to the pass-through cost option at the end each five year rate period. *Joint QF Parties' July 29th Objection* at 18.

Status in PacifiCorp's Final Compliance Proposal: PacifiCorp resolved this issue in its Amended Compliance Filing. This issue is therefore resolved.

CONCLUSION

The Joint QF Parties respectfully request that the Commission condition approval of PacifiCorp's standard contract and contracting schedule on correction of the issues identified in this Objection.

Dated: February 18, 2020.

Respectfully submitted,



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OBJECTION TO PACIFICORP'S SECOND AND THIRD AMENDED COMPLIANCE
FILINGS OF THE COMMUNITY RENEWABLE ENERGY ASSOCIATION AND THE
RENEWABLE ENERGY COALITION
UM 1610 – PAGE 9



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PacifiCorp Third Party Transmission Acquisition Process Per REC and CREA Proposal

