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March 11, 2016

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**Renewable
Northwest**

Via Electronic Mail

Commission Chair Susan Ackerman
Commissioner John Savage
Commissioner Steve Bloom
Public Utility Commission of Oregon
PUC.FilingCenter@state.or.us

Re: In the Matter of PACIFICORP, dba PACIFIC POWER,
Application to Update Schedule 37 Avoided Cost Purchases
from Qualifying Facilities of 10,000 kW or Less
Docket No. UM 1729

Dear Commissioners:

Renewable Northwest submits these comments regarding PacifiCorp's March 1, 2016 avoided cost rate update filing. As discussed below, we urge the Oregon Public Utility Commission (the "Commission") to reject PacifiCorp's Schedule 37 avoided cost rate update because it is based on assumptions in the company's 2015 integrated resource plan ("IRP") that are no longer accurate due to recent changes in state and federal law. Instead, the Commission should direct PacifiCorp to update its 2015 IRP prior to submitting updates to the company's Schedule 37.

The passage of S.B. 1547 renders inaccurate certain assumptions in PacifiCorp's 2015 IRP that the company relies upon in its proposed update to Schedule 37. PacifiCorp's supplemental application states that its sufficiency period for renewable avoided cost rates extends beyond the end of the published term because the 2015 IRP's action plan does not include acquisition of any renewable proxy resources.¹ However, the company's action plan is now outdated due to the requirements and incentives in S.B. 1547. In fact, while acknowledging the company's 2015 IRP, the Commission stated that S.B. 1547² likely affects the company's action plan, and reminded the company that IRP guidelines require it to update its IRP once it anticipates a significant deviation from its acknowledged IRP.³

PacifiCorp's supplemental applications also states that it based its proposed renewable avoided cost rates on blended market prices for all years of the published term because the 2015 IRP preferred portfolio does not include any renewable proxy resources.⁴ However, S.B. 1547 impacts many of the assumptions that supported the selection of that portfolio. For example, S.B. 1547 increases the company's renewable portfolio standard ("RPS") obligations and requires the company to remove coal from its rates within the sufficiency period for renewable

¹ Supplemental Application, Appendix 2 at 2.

² The Commission referred to H.B. 4036. H.B. 4036 and S.B. 1547 are essentially the same in terms of the provisions related to the RPS and coal retirement that are relevant to these comments.

³ Re PacifiCorp 2015 IRP, Docket No. LC 62, Order No. 16-071 at 1.

⁴ Supplemental Application, Appendix 2 at 3.

avoided cost rates identified by the company.⁵ Additionally, S.B. 1547 changes the structure for renewable energy credit (“REC”) banking in the state, and creates incentives for PacifiCorp to acquire RPS-eligible renewable energy resources by December 31, 2022.⁶ The requirements and incentives in S.B. 1547, in combination with the recent extension of the federal Production Tax Credit and Investment Tax Credit,⁷ impact the 2015 IRP assumptions regarding PacifiCorp’s RPS compliance strategy as well as the timeline of future procurement of renewable resources.

In summary, recent changes in Oregon and federal law have rendered inaccurate many of the assumptions that supported the company’s 2015 IRP action plan as well as the selection of the 2015 IRP preferred portfolio. Therefore, updating renewable avoided cost rates based on that 2015 IRP would lead to inaccurate and artificially low renewable avoided cost rates. We urge the Commission to reject PacifiCorp’s application to update its Schedule 37 avoided cost rates and direct PacifiCorp to update its 2015 IRP prior to submitting updates to the company’s Schedule 37.

Sincerely,

/s/ Silvia Tanner

Silvia Tanner

Staff Counsel

Renewable Northwest

⁵ The 2015 IRP’s action plan led the company to determine that its sufficiency period for renewables extends beyond 2038. However, since the company filed the 2015 IRP, Section 5 of S.B. 1547 increased the company’s RPS obligations from 25% to 27% by 2025, from 25% to 35% by 2038, and from 25% to 45% by 2035. Furthermore, Section 1 of S.B. 1547 requires PacifiCorp to remove its coal generation from rates by 2030.

⁶ S.B. 1547, Section 7.

⁷ Congress extended the expiration date for these tax credits in December 2015.