

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1729

In the Matter of
PACIFICORP, dba PACIFIC POWER,
Application to Update Schedule 37
Qualifying Facility Information.

THE COMMUNITY RENEWABLE
ENERGY ASSOCIATION,
NORTHWEST & INTERMOUNTAIN
POWER PRODUCERS COALITION,
RENEWABLE ENERGY COALITION,
AND OREGON SOLAR + STORAGE
INDUSTRIES ASSOCIATION’S
COMMENTS ON PACIFICORP’S
SOLAR PLUS STORAGE RATE

I. INTRODUCTION

The Community Renewable Energy Association (“CREA”), the Northwest & Intermountain Power Producers Coalition (“NIPPC”), the Renewable Energy Coalition (the “Coalition”), and the Oregon Solar + Storage Industries Association (“OSSIA”) (collectively the “QF Trade Associations”) hereby respectfully submit these comments on PacifiCorp’s Standard Solar-plus-Storage Avoided Cost Rate filed on July 31, 2023 for the Oregon Public Utility Commission’s (“OPUC” or the “Commission”) review. The QF Trade Associations appreciate the efforts of Staff, PacifiCorp, and other stakeholders in expeditiously and collaboratively developing an interim solar-plus-storage standard rate for small qualifying facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”). These comments do not address PacifiCorp’s proposed methodology or calculations for the standard solar-plus-storage rate, and the QF Trade Associations reserve the right to separately comment on the methodology and rates.

These comments focus on PacifiCorp’s decision to not include a standard non-renewable solar-plus-storage rate in its filing. PacifiCorp did not state in its filing that it was only going to include the renewable solar-plus-storage rate. Portland General Electric Company (“PGE”) filed standard renewable and non-renewable rates.¹ The QF Trade Associations strongly oppose PacifiCorp’s decision to not include a standard non-renewable solar-plus-storage rate as outside the scope of this proceeding and recommend the Commission direct PacifiCorp to update its filing and include a standard non-renewable solar-plus-storage rate. If the Commission intends to consider revising its over decade long policy on renewable and non-renewable rates at this time in UM 2000 (rather than when it is scheduled to be addressed in Phases 1 and 2), then it should provide the parties an opportunity to submit substantive briefing and also address other planned issues in UM 2000 that increase avoided cost rates now (and not only the one issue chosen by PacifiCorp that lowers rates).

II. COMMENTS

A. Utilities Are Required to Provide Standard Renewable and Non-Renewable Avoided Cost Rates

Utilities complying with Oregon’s renewable portfolio standard are required to offer standard renewable and non-renewable avoided cost rates.² In Docket No. UM 1396, the

¹ See *In re PGE Application to Update Schedule 201 Qualifying Facility Information*, Docket No. UM 1728, Avoided Cost Interim Solar-Plus-Storage Rate, Attachment A at 16-17, 25-26 (July 31, 2023).

² See OAR 860-029-0040(6) (“Each public utility that is currently complying with Oregon’s renewable portfolio standard must offer renewable and non-renewable avoided cost rates to eligible qualifying facilities.”); see also OAR 860-029-0043(1)-(2) (“Each public utility must offer standard non-renewable avoided cost rates to eligible qualifying facilities.” and “Each public utility that acts to comply with Oregon’s renewable portfolio

Commission ruled that “[s]eparate renewable avoided cost rates should be adopted for Portland General Electric Company (PGE) and PacifiCorp, dba Pacific Power (Pacific Power).”³

PacifiCorp argued that renewable QFs should not be allowed to select the standard non-renewable rate when the non-renewable rate is higher than the renewable rate.⁴ PacifiCorp even suggested that “the Commission may wish to consider requiring a renewable QF to cede [renewable energy certificates (“RECs”)] to the utility and not allow the choice of a non-renewable avoided cost stream.”⁵ The Commission declined PacifiCorp’s recommendation and reasoned:

Allowing a renewable QF to choose between the two avoided cost streams is consistent with [the Federal Energy Regulatory Commission’s] ruling that clarified the right of the states to determine the avoided cost associated with utility purchases of energy “from generators with certain characteristics.” Renewable QFs willing to sell their output and cede their RECs to the utility [to] allow the utility to avoid building (or buying) renewable generation to meet their RPS requirements. These QFs should be offered an avoided cost stream that reflects the costs that utility will avoid.

...

standard must offer standard renewable avoided cost rates to eligible qualifying facilities.”); *see also* OAR 860-029-0045(3) (“Renewable qualifying facilities that satisfy the criteria of section (1) are eligible to select the purchasing public utility’s standard renewable avoided cost prices. A renewable qualifying facility choosing the standard renewable avoided cost prices must cede all renewable energy certificates generated by the Facility to the purchasing public utility while the qualifying facility is receiving deficiency-period pricing from the purchasing public utility and during any other period of the power purchase agreement ordered by the Commission.”).

³ *In re Commission Investigation Into Resource Sufficiency Pursuant to Order No. 06-538*, Docket No. UM 1396, Order No. 11-505 at 1 (Dec. 13, 2011).

⁴ Docket No. UM 1396, PacifiCorp’s Reply Comments – Phase II at 10 (June 28, 2011).

⁵ Docket No. UM 1396, PacifiCorp’s Reply Comments – Phase II at 11.

We decline Pacific Power’s proposal to allow the choice only when the non-renewable avoided cost rate is lower than the standard avoided cost rate. Adoption of such a rule would be contrary to our decision above to allow the renewable QF to choose the standard avoided cost rate to better reflect the value of a base load renewable resource.⁶

PacifiCorp again tried to raise this issue in Docket No. UM 1729 through a Motion for Emergency Interim Relief.⁷ The Commission denied PacifiCorp’s motion, again denying PacifiCorp’s request. The Commission reasoned PacifiCorp failed to demonstrate harm to customers, and the Commission noted that it intended to “engage in a more comprehensive PURPA proceeding, which examines implementations goals and objectives for PURPA in Oregon, and revisits major policy issues. ... The comprehensive proceeding should address issues implicated by PacifiCorp’s motion for emergency interim relief.”⁸ Thus, the current law in Oregon is that PacifiCorp and PGE must offer standard renewable and non-renewable avoided cost rates, which the QF has the unilateral ability to select between.

B. Avoided Cost Rates Are Currently Set Too Low and the Commission Has Deferred Issues Raised by the QF Trade Associations to UM 2000

PacifiCorp is not alone in having concerns with Oregon’s avoided cost rate methodology, and the QF Trade Associations have raised issues, some of which have been deferred to UM 2000.

In March 2016, the Commission agreed with the Coalition and CREA that PacifiCorp’s avoided cost rates did not properly account for the passage of SB 1547, and directed “PacifiCorp,

⁶ Docket No. UM 1396, Order No. 11-505 at 9.

⁷ See generally PacifiCorp’s Motion for Emergency Interim Relief (Apr. 26, 2018).

⁸ Order No. 18-289 at 4-6 (Aug. 9, 2018).

Staff, and interested parties to work together and propose an expedited and non-contested case process to update PacifiCorp’s avoided costs in light of the passage of SB 1547.”⁹ After REC and CREA retained a consultant, the Commission ultimately did not resolve the issues but deferred them to a future proceeding and they remain unresolved.¹⁰

In May 2016, the Commission agreed with the Joint QFs (the Coalition, CREA, One Energy, Inc., and Obsidian Renewables, LLC) that renewing QFs provide capacity and “a certain amount of capacity may not be valued if utilities assume in their IRPs that existing QFs nearing contract expiration will automatically renew.”¹¹ The Commission directed the utilities to address this issue in the next integrated resource plans.¹² This issue was directed to UM 2000 and is set to be addressed in Phases 1 and 2.¹³

C. The Commission Should Direct PacifiCorp to Update its Filing and Provide a Standard Non-Renewable Solar-plus-Storage Rate

PacifiCorp’s filing does not include a standard non-renewable solar-plus-storage rate. PGE’s filing in Docket No. UM 1728 includes a standard renewable and non-renewable solar-plus-storage rate.¹⁴ To the QF Trade Associations’ knowledge, PacifiCorp did not raise this

⁹ Order No. 16-117 at 1 (Mar. 23, 2016).

¹⁰ *In re PacifiCorp Investigation into Schedule 37 – Avoided Cost Purchases from Qualifying Facilities of 10,000 kW or Less*, Docket No. UM 1794, Order No. 17-239 at 1-2 (July 7, 2017).

¹¹ *In re Commission Staff Investigation Into Qualifying Facility Contracting and Pricing*, Docket No. UM 1610, Order No. 16-174 at 19 (May 13, 2016).

¹² Docket No. UM 1610, Order No. 16-174 at 19.

¹³ *In re Commission Investigation into PURPA Implementation*, Docket No. UM 2000, Staff’s Process Proposal and Scope Update at 6 (Feb. 24, 2023).

¹⁴ See Docket No. UM 1728, Avoided Cost Interim Solar-Plus-Storage Rate, Attachment A at 16-17, 25-26 (July 31, 2023).

issue in Phase 0 of Docket No. UM 2000 that was implementing the standard solar-plus-storage rate. Additionally, the issue of whether to continue offering standard renewable and non-renewable avoided cost rates is set to be discussed in Phases 1 and 2 of UM 2000.¹⁵ Specifically, Staff includes the two items for discussion in Phases 1 and 2:

1. Number and differentiation of standard price streams, e.g., is it still reasonable to differentiate between standard and renewable options following HB 2021? Does HB 2021 necessitate adoption of another avoided cost price stream? Should standard solar rates have different price offerings based on location?
2. What latitude should QFs have to choose between different avoided cost price streams?¹⁶

It is inappropriate for PacifiCorp to raise this issue prematurely in compliance filings for Phase 0 of UM 2000 that was intended to implement a solar-plus-storage standard when the issue of standard renewable and non-renewable rates will be raised later in that docket. Additionally, PacifiCorp did not notify stakeholders in UM 2000 that it intended to only include a standard renewable solar-plus-storage rate in its compliance filing.

This issue is outside the scope of Phase 0 in UM 2000 and inappropriate for PacifiCorp to pre-litigate this before it is addressed in Phases 1 and 2 in UM 2000. There are many issues the QF Trade Associations raised that are not being addressed until Phases 1, 2, or 3 that the QF Trade Associations have not tried to pre-litigate here. Some of these issues include: treatment of existing/renewing QFs; need for a generic resource-agnostic capacity valuation; whether avoided capacity costs should be calculated based on the purchasing utility's existing portfolio of

¹⁵ Docket No. UM 2000, Staff's Process Proposal and Scope Update at 5.

¹⁶ *Id.*

committed resources, the best practices adopted in Docket No. UM 2011 for integrated resource plan (“IRP”) purposes, or the speculative future portfolio identified for years into the future in the IRP; and more.¹⁷ Thus, the Commission should direct PacifiCorp to update its filing and include a standard non-renewable solar-plus-storage rate.

III. CONCLUSION

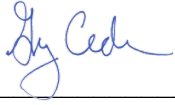
The QF Trade Associations recommend the Commission direct PacifiCorp to update its filing and include a standard non-renewable solar-plus storage rate. If the Commission is inclined to adopt PacifiCorp’s proposal to eliminate the standard non-renewable rate for any resources, then it should provide the parties an opportunity to submit substantive briefing on the merits of PacifiCorp’s proposal and address other issues in UM 2000 at this time.

Dated this 28th day of August 2023.

Respectfully submitted,

¹⁷ Docket No. UM 2000, CREA, NIPPC, and the Coalition’s Comments on Staff Process Proposal and Scope at 3-7 (Dec. 22, 2022).

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