

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 21, 2023**

REGULAR X **CONSENT** **EFFECTIVE DATE** September 22, 2023

DATE: September 19, 2023

TO: Public Utility Commission

FROM: Ryan Bain

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1729(8))
Request to Update Standard Avoided Cost Purchases from Eligible
Qualifying Facilities, Avoided Cost Interim Solar-Plus-Storage Rate.

STAFF RECOMMENDATION:

Approve Pacific Power's (Company) filing in compliance of the Oregon Public Utility Commission's (OPUC) Order No. 23-179, establishing solar plus storage avoided cost renewable and non-renewable rates as part of its standard avoided cost schedule.

DISCUSSION:

Issue

Whether the Commission should approve Pacific Power's filing in compliance of the Oregon Public Utility Commission's (OPUC) Order No. 23-179, establishing solar plus storage avoided cost rates for use on an interim basis while Docket No. UM 2000 establishes policies for avoided cost rates moving forward.

Applicable Orders and Rules

OPUC Order No. 23-179 adopting Staff's solar plus storage interim rate proposal and directing PAC to file standard avoided cost rates using the methodology adopted. A summary of the inputs for the Commission methodology for Standard Renewable Rates is provided below for convenience.

Overview of the Commission’s Approved Methodology for Standard Renewable Rate

Methodology	Standalone Solar	Solar Plus Storage
Proxy Resource for calculation of capacity contribution	Solar resource modeled in IRP	Solar resource modeled in IRP with 1:1 storage ratio and 4-hour battery.
Capacity Contribution	LOLP/ELCC Model based on expected generation	LOLP/ELCC Model based on expected generation and storage dispatch during premium peak hours when possible
“Peak” Hours	6 AM – 10 PM Mon-Sat	4 Hours/Day based on LOLP need
Capacity Payment	On-peak hours after sufficiency period	Premium Peak hours after sufficiency period
Energy Payment	On-peak/Off Peak Pricing	On-peak/Off Peak Pricing
Avoided Capacity Resource	Next planned RPS-compliant utility-scale resource in IRP	Next planned RPS-compliant utility-scale resource in IRP
Update Process	May 1 and 30 days following IRP acknowledgement	May 1 and 30 days following IRP acknowledgement
Premium Peak Hour Update Process	N/A	30 days following IRP or IRP Update acknowledgement
Availability	Unlimited	50 MW First Tranche

Analysis

Background

On July 31, 2023, in compliance with the above stated order, rules, and statutes, Pacific Power filed its revised standard renewable avoided cost schedule. This filing includes new inputs of a capacity contribution for a solar plus storage proxy resource and Premium Peak Hours. The Natural Gas Forward Prices and Electric Forward Prices are the same approved inputs used in the Company’s May 1 updates in UM 1729(7). At the time of filing, the Company anticipated that the Power Purchase Agreement (PPA) included in the filing would be approved by the Commission for use, through UM 2299, before the filing’s effective date. As the PPA remains unapproved by the Commission, Pacific Power’s proposed changes to the PPA proposed in UM 2299 are moot for purposes of this proceeding. Staff recommends that only the rate schedule be adopted for use, and that the PPA portion of the filing be disregarded.

Staff held a workshop with the Company and stakeholders on August 10, 2023, and it is Staff’s understanding that no stakeholder has an objection to the inputs Pacific Power used to calculate the solar plus storage rate for the standard renewable avoided cost price stream or the calculations themselves.

On August 28, 2023, The Community Renewable Energy Association, Northwest & Intermountain Power Producers Coalition, Renewable Energy Coalition, and Oregon Solar + Storage Industries Association (collectively the QF Trade Associations) filed comments objecting to the Company’s omission of a non-renewable standard fixed solar plus storage avoided cost rate in the Company’s initial filing. On September 12, 2023, the Company filed an addendum to their UM 1729(8) application including the previously omitted rate.

Premium Peak Hours

Pacific Power began the identification of Premium Peak Hours by first ranking the hours in each month by the hourly loss of load probably (LOLP) from Pacific Power’s 2021 IRP. The Company’s method for tie-breaking between hours with the same LOLP or for determining Premium Peak Hours in months without any LOLP, utilized historical Energy Imbalance Market (EIM) scalars that were calculated using the Commission approved methodology from docket UM 1910’s Resource Value of Solar proceeding. This method is in keeping with the approved methodology from Order No. 23-179. The initial monthly Premium Peak Hours identified by the Company for this filing are as follows in Table 1.

Table 1: Monthly Premium Peak Hours

Jan	Feb	Mar	Apr	May	Jun
6 AM - 10 AM	6 AM - 8 AM, 7 PM - 9 PM	6 AM - 7 AM, 6 PM - 9 PM	6 PM - 10 PM	6 PM - 10 PM	6 PM - 10 PM
Jul	Aug	Sep	Oct	Nov	Dec
6 PM - 10 PM	6 PM - 10 PM	5 PM - 9 PM	7 AM - 8 AM, 5 PM - 8 PM	4 PM - 8 PM	6 AM - 9 AM, 6 PM - 7 PM

Solar + Storage Proxy Resource

Pacific Power estimated the solar plus storage proxy resource’s electric load carrying capacity (ELCC) at 61 percent, using data from the Company’s 2021 IRP and optimizing the proxy resource to discharge during the identified Premium Peak Hours.

Price Comparison

The Company's proposed renewable fixed levelized avoided costs for a 15-year solar plus storage QF contract (2024 through 2038), as shown in Table 2, is an increase of approximately 45.6 percent versus the current renewable Tracking PV Solar rate. The Company's proposed standard non-renewable fixed levelized avoided cost rate for a 15-year solar plus storage QF contract (2024-2038) of \$79.96 is an increase of approximately 29.5 percent versus the current non-renewable Tracking PV Solar rate of \$61.76.

Table 2: 15-Year Levelized Price Comparison (2024-2038)

Proposed Renewable Solar + Storage Rate (\$/MWh)	Current Renewable PV Tracking Solar Rate (\$/MWh)	Difference (\$/MWh)
\$63.88	\$43.86	\$20.02

Filing Overview

Staff reviewed the Company's application, application addendum, and workpapers and finds that they are in compliance with the Commission approved methodology for Pacific Power's standard avoided cost rates. Staff believes the Company followed the requirements for establishing an interim solar plus storage avoided cost rate, implementing methodology appropriately. Staff finds that overall, the rates were properly calculated and recommends that the rates be allowed to go into effect. Staff's review included verifying the accuracy of new inputs, and scrutiny of the workpaper calculations for accurate references and outputs.

Conclusion

Staff believes Pacific Power followed the requirements for establishing solar plus storage avoided cost rates, implementing methodology appropriately and using appropriate inputs, consistent with its obligations under Oregon Statute 758.525 and Commission Order No. 23-179. Staff finds that the filed rates are just, fair, and reasonable.

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PROPOSED COMMISSION MOTION:

Approve Pacific Power's update establishing solar plus storage avoided cost renewable and non-renewable rates as part of its standard avoided cost schedule.

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