

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 19, 2018

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: June 11, 2018

TO: Public Utility Commission

FROM: Brittany Andrus *Ba*

THROUGH: Jason Eisdorfer and JP Batmale *J E JP*

SUBJECT: PACIFIC POWER: (Docket No. UM 1802) Non-standard avoided cost pricing compliance.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order rejecting Pacific Power's (PacifiCorp's or Company's) compliance filing for non-standard avoided cost prices (previously Schedule 38), on the ground it is incorporates new requirements unrelated to the Commission's decision in Order No. 18-131.

Staff also recommends that the Commission direct PacifiCorp to make a revised filing that excludes the new requirements change no later than June 21, 2018, to be effective upon filing.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's compliance filing to update non-standard avoided cost prices.

Applicable Orders

In Order No. 18-131 issued on April 19, 2018, the Commission directed, "within 30 days of the date of this order, PacifiCorp will file revised avoided cost schedules that implement the resolutions made in this order."

Analysis

Background

The Commission approved PacifiCorp's use of a different nonstandard Qualifying Facilities (QF) pricing method in Docket No. UM 1610.¹ On July 12, 2016, PacifiCorp made a comprehensive compliance filing which included the nonstandard avoided cost prices. Staff and several stakeholders did not support the nonstandard pricing language because it eliminated the ability of QFs to access nonstandard renewable avoided cost prices.

The Commission approved PacifiCorp's nonstandard avoided cost prices compliance, and opened an investigation "...to examine whether PacifiCorp's nonstandard avoided cost pricing should include a renewable price option, and if so, how that renewable price option should be calculated."²

In its order in Docket No. UM 1802, the Commission directed PacifiCorp to change its nonstandard avoided cost pricing to "include a renewable price option that is calculated using the approach we designated in Order No.11-505."³

On May 18, 2018, PacifiCorp filed revised Nonstandard Avoided Cost Rates per Order No. 18-131, requesting an effective date of June 17, 2018. The cover letter of the filing stated that in addition to the required change, several "housekeeping changes" were made.⁴

Staff Review

PacifiCorp's revision to the procedures for Nonstandard Avoided Cost Rates⁵ accurately reflects the Commission's direction to provide nonstandard renewable pricing to be calculated consistent with Order No. 18-131, in addition to Order No. 07-360.⁶

The filing includes seven additional changes. Six of these edits update or correct information and do not raise Staff concerns. However, one change appears to add a new requirement added to the earlier part of the procedures, in which QFs obtain indicative pricing for a proposed project. Section B.1. lists project information the QF is

¹Order No. 16-174 in Docket No. UM 1610 at 2: "PacifiCorp is authorized to use its Partial Displacement Differential Revenue Requirement (PDDRR) method to determine a starting point for non-standard contract avoided cost price negotiations..." Order No. 16-174 in Docket No. UM 1610 at 2.

² Order No. 16-429, November 9, 2016, opening Docket No. UM 1802.

³ Order No. 18-131, Docket No. UM 1802.

⁴ PacifiCorp UM 1802 Compliance Filing, May 18, 2018.

⁵ Ibid. Non-Standard Avoided Cost Rates, p. 3, B. Procedures, subsection 2.

⁶ Docket No. UM 1129, Staff's Investigation Relating to Electric Utility Purchases from Qualifying Facilities; Order No. 07-360, adopting large QF guidelines.

to provide in order to obtain the indicative pricing proposal. The final item, B.1.j), is “status of interconnection arrangements, *including copies of any completed interconnection studies or agreements.*” The italicized text was added by the Company in this filing.

Under the current PacifiCorp process, the provision of the interconnection studies themselves occurs after the indicative pricing has been provided rather than in this earlier stage.⁷ This edit represents a substantive change that may disrupt current QF processes. QF interconnection processes have been the subject of much discussion in PUC proceedings. Order No. 18-131 contains no direction regarding interconnection. Accordingly, this extraneous change should be rejected.

Conclusion

The revisions to PacifiCorp’s non-standard avoided cost prices comply with the requirements of Order No. 18-131 with the exception of language the Company added in Section B.1.j) regarding interconnection, and should not be approved as filed. The Commission should direct PacifiCorp to refile its non-standard avoided cost prices without the new interconnection language.

PROPOSED COMMISSION MOTION

Issue an order rejecting PacifiCorp’s compliance filing for non-standard avoided cost prices (previously Schedule 38), on the ground it incorporates new requirements unrelated to the Commission’s decision in Order No. 18-131.

Direct PacifiCorp to make a revised filing that removes the additional interconnection language no later than June 21, 2018, to be effective upon filing.

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⁷ Section B.3.f): “evidence that any necessary interconnection studies have been completed and assurance that the necessary interconnection are being made.”