

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1802**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON,

Investigation to Examine PacifiCorp, dba  
Pacific Power's Non-Standard Avoided  
Cost Pricing.

RENEWABLE NORTHWEST  
OPENING BRIEF

**I. INTRODUCTION**

Renewable Northwest submits this opening brief recommending that the Oregon Public Utility Commission (“Commission”) reject PacifiCorp’s proposed methodology to calculate nonstandard renewable avoided cost rates. When calculating its nonstandard renewable avoided cost rates, PacifiCorp proposes that the Commission allows it to:

- 1) base the sufficiency/deficiency demarcation point on the next planned “like-for-like” resource;
- 2) eliminate the recently adopted market price floor; and
- 3) include all of its Qualifying Facility (“QF”) queue, including QFs without signed PPAs.<sup>1</sup>

Renewable Northwest recommends that the Commission reject PacifiCorp’s requests because they are inconsistent with the Commission’s PURPA policies.

Renewable Northwest encourages the Commission to direct PacifiCorp to revert to its prior methodology for calculating nonstandard renewable avoided cost rates. If the Commission decides to allow PacifiCorp to use its Partial Displacement Differential Revenue Requirement (“PDDRR”) methodology when setting nonstandard renewable avoided cost rates, Renewable

---

<sup>1</sup> PAC/400 MacNeil/1-2.

Northwest supports either of the approaches outlined by witnesses for Commission Staff (“Staff”), the Renewable Energy Coalition (“REC”) and the Community Renewable Energy Association (“CREA”).

## II. BACKGROUND

In Order 16-174, the Commission did not authorize PacifiCorp to discontinue its nonstandard renewable avoided cost rates. In fact, the availability of the renewable avoided cost rate for nonstandard QFs was not an issue in Phase II of UM 1610. As part of a discussion of the appropriate methodology for nonstandard rates,<sup>2</sup> PacifiCorp proposed using its PDDRR methodology. The Commission approved PacifiCorp’s use of PDDRR based on its assessment that the model-based method “more accurately values energy and capacity on PacifiCorp’s system” but the Commission did not mention the renewable avoided cost stream.<sup>3</sup>

PacifiCorp’s compliance filing with Order 16-174 surprised Staff and stakeholders because it did not include a nonstandard renewable avoided cost stream. According to PacifiCorp, its testimony on PDDRR should have put the parties on notice of the Company’s plan to eliminate the nonstandard renewable avoided cost stream.<sup>4</sup> However, neither Staff, nor several stakeholders active on QF issues, including Renewable Northwest, considered that PacifiCorp’s testimony provided meaningful notice of PacifiCorp’s intent to eliminate the nonstandard renewable avoided cost stream.<sup>5</sup> The Commission itself acknowledged that, in approving PDDRR as described by PacifiCorp in its UM 1610 testimony, it did not notice that PacifiCorp was proposing to the renewable avoided cost stream.<sup>6</sup> That parties missed PacifiCorp’s proposal is not surprising since PacifiCorp’s testimony did not specify that it intended to the nonstandard renewable avoided cost stream. Ultimately, the Commission decided

---

<sup>2</sup> Docket No. UM 1610, Order No. 16-174 at 2 (May 13 2016).

<sup>3</sup> *Id* at 23.

<sup>4</sup> Docket No. UM 1610, PacifiCorp’s Opening Comments at 2-4 (Oct. 31, 2016).

<sup>5</sup> Docket No. UM 1610, Staff Reply Comments at 4 (Nov. 3, 2016).

<sup>6</sup> Docket No. UM 1610, Public Meeting at 19:00-24:00 (Nov. 8, 2016).

to accept PacifiCorp's Schedule 38 and open this expedited investigation.

### III. ARGUMENT

#### A. PacifiCorp's proposal to use "like-for-like" resources to determine the start of the deficiency period is inconsistent with Commission policy

In Order 11-505, the Commission required that PacifiCorp and Portland General Electric adopt a renewable avoided cost stream available to renewable QFs.<sup>7</sup> The Commission found that the start of the deficiency period should be determined by the IRP,<sup>8</sup> and that rates during that period should be based on the next planned utility scale renewable resource in the IRP.<sup>9</sup> The Commission also declined to adopt avoided costs for each type of renewable resource.<sup>10</sup>

PacifiCorp's proposed approach to calculating the nonstandard renewable avoided cost stream appears inconsistent with Order 11-505. PacifiCorp proposes to determine the start of the deficiency period based on the next planned "like-for-like" resource.<sup>11</sup> According to PacifiCorp, a QF would be "like" a planned resource if it reflects the operational characteristics of the resource.<sup>12</sup> PacifiCorp's proposed approach is significantly different from, and more restrictive than, the Commission's in Order 11-505. Therefore, we encourage the Commission to reject PacifiCorp's proposal.

Renewable Northwest recommends that the Commission direct PacifiCorp to calculate renewable avoided cost rates for nonstandard QFs in a manner that is consistent with Order 11-505. We share Staff's and other stakeholders' concerns with the use of PDDRR due to its complexity and apparent lack of transparency. For that reason, we recommend that the Commission direct PacifiCorp to return to its prior methodology for calculating nonstandard

---

<sup>7</sup> Docket No. UM 1396, Order 11-505 at 1 (Dec. 13, 2011).

<sup>8</sup> *Id.* at 6.

<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.* at 5.

<sup>11</sup> PAC/400 MacNeil/1.

<sup>12</sup> *Id.* at 4.

rates. If the Commission decides to allow PacifiCorp to continue using its PDDRR methodology, Renewable Northwest supports either of the approaches that witnesses for Staff, REC, and CREA outlined as alternatives to calculate nonstandard avoided cost rates using the PDDRR methodology but remaining consistent with Order 11-505.

**B. When transmission is available, wholesale power prices should be the floor of nonstandard renewable avoided cost rates during the sufficiency period.**

In Order 16-174, the Commission set the floor for nonstandard avoided cost prices at the wholesale power price.<sup>13</sup> While affirming that policy in Order 16-337, the Commission found that “certain transmission constraints could exist that would prevent otherwise economic market sales of low cost energy,” and encouraged the utilities to notify it when such conditions actually exist.<sup>14</sup> Although the Commission recently addressed the issue, PacifiCorp requests that the Commission allows it to calculate nonstandard renewable avoided cost rates without that market floor.<sup>15</sup> Renewable Northwest agrees with Staff and various stakeholders that it is inappropriate for PacifiCorp to seek to relitigate the market floor issue in this proceeding. We support Staff’s position that the issue of whether the market price floor should be eliminated for a particular QF is a factual inquiry that should be decided on a case-by-case basis.

**C. PacifiCorp should not include its entire QF queue when calculating a particular QF’s indicative pricing.**

PacifiCorp proposes to include its entire QF queue when calculating indicative pricing for nonstandard QFs. As a result, the resulting rates would be based on the assumption that all QFs in PacifiCorp’s queue, including those that have merely requested indicative pricing, would materialize. Renewable Northwest is concerned that such an assumption would result in

---

<sup>13</sup> Docket No. UM 1610, Order 16-174 at 23 (May 13, 2016).

<sup>14</sup> Docket No. UM 1610, Order 16-337 at 6 (Sep. 8, 2016).

<sup>15</sup> PAC/400 MacNeil/1.

indicative pricing that underestimates PacifiCorp's actual avoided cost rates. An alternative approach is for PacifiCorp to include only executed PPAs. Although that approach would also likely underestimate the Company's avoided cost rates because it is unlikely that 100% of QFs with executed PPAs materialize. However, including only executed PPAs is more reasonable, and provides QFs more accurate information, than PacifiCorp's original proposal.

#### IV. CONCLUSION

For the reasons outlined above, Renewable Northwest recommends that the Commission reject PacifiCorp's proposed methodology to calculate the nonstandard renewable avoided cost stream. PacifiCorp's proposals to focus on "like-for-like" resources, eliminate the market price floor, and include its entire QF queue are inconsistent with the Commission's PURPA policies. Renewable Northwest encourages the Commission to instead direct PacifiCorp to revert to its prior methodology.

Respectfully submitted this 18<sup>th</sup> day of September 2017.

*/s/ Silvia Tanner*

\_\_\_\_\_  
Silvia Tanner  
Staff Counsel

[silvia@renewableNW.org](mailto:silvia@renewableNW.org)