

Community-Based Renewable Energy Projects Rulemaking (AR 622)

Comments of NW Energy Coalition
November 28, 2018

The NW Energy Coalition appreciates the opportunity during the informal phase of the docket to provide comments on the draft rules prepared by Staff.

Below, we explain why the Staff proposal fails to address the statutory requirement for a community-based renewable energy standard with small-scale resources, rather than a small-scale standard. Following that discussion, we provide comments on some of the specific draft rule language.

General Comments

As noted in our initial comments of September 28, 2018, NWECC points out that in the intent section, the legislature used the wording “community-based”, as opposed to “small-scale.” ORS 469A.210(1) states: “The Legislative Assembly finds that community-based renewable energy projects . . . are an essential element of this state’s energy Future.”

ORS 469A.210(2) then states, “(2) *For purposes related to the findings in subsection (1) of this section*, by the year 2025, at least eight percent of the aggregate electrical capacity of all electric companies that make sales of electricity to 25,000 or more retail electricity consumers in this state must be composed of electricity generated by one or both of the following sources...” (emphasis added)

The draft rules do not contemplate whether requirements are necessary to satisfy the legislative intent concerning “community-based.” We restate our request to consider a definition of “community-based” for these rules through engagement with stakeholders in the AR 622 process.

Draft Rule 3: Small Scale Renewable Energy Project Standard

We support the Staff’s proposal to initiate compliance starting on January 1, 2025, and each year thereafter.

In subsection (2), concerning the use of an electric company’s forecasted annual

peak load for Oregon in megawatts from the electric company's most recently acknowledged integrated resource plan, it may be appropriate to provide further clarification on using, for example, the median forecast, since IRPs generally include a range of peak load forecasts for differing economic and system conditions.

Draft Rule 6: Measurement of System Capacity under the Renewable Energy Project Standard

At this time, NWECC provisionally supports using nameplate capacity as the measurement basis for the proposed rules. However, NWECC continues to be concerned that nameplate capacity does not provide balanced treatment of the combined beneficial aspects of renewables – peak capacity, effective load carrying capability (or other metrics of capacity value), and energy value (also denoted as capacity factor).

As a result, individual projects with similar nameplate capacity may offer very different actual system value. Potentially, this may bias future resource selection, for example, favoring high nameplate capacity but low capacity factor resources over better performing alternatives.

Draft Rule 7 Compliance Report Draft Rule 10 Implementation Plan

NWECC generally supports the approach proposed in the Staff proposed draft rules.

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September 28, 2018

From the NW Energy Coalition:

Our comments are below in bold italics. We are very supportive of the Commission's effort to address this topic and appreciate the opening of the docket.

We are strongly in favor of diverse development of renewable resources providing opportunities for participation by a wide range of interests including community based organizations, groups of landowners such as farmers and ranchers, small businesses and local governments.

We believe the intention of the Legislature is to provide stronger linkage between clean energy and economic development, with the more rural and more populated parts of the state jointly working to develop Oregon renewable energy for Oregonians and provide net benefits for economic development, employment and environmental integrity in every part of our state. The statutory setting also indicates that this effort should proceed in the context of Oregon's broader clean energy policy.

Rulemaking

- 1) Should the PUC be engaged in this rulemaking? If not, what other type of process should the commission undertake in order to provide subject utilities with guidelines for compliance?

Yes; while keeping in mind that this docket might help clarify the issues and lead to additional dockets, assessment efforts or guidance for other processes such as integrated resource planning under the Commission's direction.

Measurement

- 2) Should the PUC define how the 8 percent requirement in ORS 469A.210(2) will be measured?

The statute does not directly delegate agency responsibility or provide much specific direction. NWECC encourages the Commission and the Oregon Department of Energy to cooperate along with stakeholders in creating a consensus definition that includes and is informed in part by community-based organizations and other entities that could benefit from project development.

- 3) What does electrical capacity mean?

In terms of a specific generation facility, NWECC anticipates that nameplate capacity is a useful starting point for the discussion. However, nameplate capacity only defines instantaneous peak output and does not indicate capacity factor (total annual production) or capacity value (electric grid system value based on the time, magnitude and location of production).

In addition, physical output capability may be greater than nameplate capacity for short durations. Furthermore, associated storage (including batteries and thermal storage) may change the desired size of renewable generation while increasing system value, and also may increase instantaneous peak production available to the grid above the nameplate capacity of the facility.

Thus, nameplate capacity by itself creates a conundrum because it does not reflect actual value but rather is technology, location and configuration-dependent.

- 4) What does aggregate electrical capacity mean?

NWECC believes this is an issue that will require further assessment. To begin with, "aggregate" capacity could refer to the additive capacity of all eligible generating units and capacity contracts, or it could refer to coincident peak production and required reserves, or otherwise.

- 5) How should an individual project's capacity be measured?

The discussion above begins to address this issue.

Project Eligibility

- 6) Should the PUC determine which projects are eligible to count towards the 8 percent requirement?

NWEC believes the PUC has an important role, but as mentioned above, a shared approach with ODOE is appropriate.

- 7) What process should the PUC follow to determine which projects are eligible?

No specific answer at this time pending in-depth discussion in this docket, other than to note NWEC's preference for a joint approach by the Commission and ODOE.

- 8) Which renewable projects should be eligible?

- a. Can eligible resources be utility-owned?

The statute neither expressly prohibits nor authorizes utility ownership. NWEC suggests that this question be taken up in context with the other elements of this rulemaking.

- b. Does a utility need to demonstrate a contract length beyond 2025?

The statute does not directly address this question, however, from context and the legislative history, NWEC believes legislative intent is that the proportion of community based renewable energy projects is not fixed solely to the 2025 date but applies thereafter.

- c. Do existing PURPA projects under 20 MW qualify?

Yes. NWEC initially takes the view that QFs providing capacity

to a covered utility, since the statute provides that the baseline is “the aggregate electrical capacity” of covered utilities.

QFs to be counted in the 8% community based proportion should include those specified in ORS 469A.210 -- qualifying renewable projects up to 20 MW in size, and up to 20 MW of qualifying biomass energy projects.

- d. Do community solar projects qualify?

NWEC initially views this as a legal and regulatory question and does not have a statement at this time.

- e. Do net-metered projects qualify? (Including the gross portion?)

The legal and regulatory issues in focus here are complex so NWEC does not have a specific statement at this time.

- 9) What locational restrictions are applicable?

- a. How should PacifiCorp’s multi-state service territory be addressed?

NWEC notes that the context for this question is under review in proceedings relating to the PacifiCorp Inter-Jurisdictional Allocation Protocol and does not have a specific comment at this time.

- 10) Does a utility need to own the associated RECs of a qualifying project?

Initially this appears to be a reasonable starting point, but NWEC recognizes that RECs have complex interactions with many aspects of regulation and policy and does not have a specific statement at this time.

Compliance

- 11) Should the PUC determine compliance with the 8 percent mandate?

While the Commission has primary authority over covered investor-owned utilities, as noted above NWECC believes a joint approach with ODOE may provide the best approach.

12) When does compliance occur?

Subject to further discussion, NWECC believes that the statutory directive is clear for compliance in 2025, and also believes compliance should continue thereafter in the context of legislative intent and state energy policy.

13) How should the utility report progress?

One way to address could be for covered utilities to make a showing on the community based requirement along with each RPS compliance filing going forward from 2025. NWECC is also open to other possible approaches.

14) How should a utility demonstrate compliance?

NWECC does not have a specific statement at this time.

15) What happens after 2025?

As noted above, NWECC believes legislative intent is for the community-based energy projects provision to continue in effect from 2025 onward.

Additional Questions

16) Do you have any other specific issues you would like addressed in this informal stage of this rulemaking that falls within the scope of this rulemaking as opened by the Commission in Order No. 18-322?

NWECC would also encourage the Commission and ODOE to develop a definition of "community-based" through engagement with stakeholders in the AR 622 process and outreach beyond this space to community-based organizations and communities and tribes around Oregon. The Coalition would note that "community-based" is not synonymous with "small-scale." Additionally, the PUC and ODOE

should specifically address metrics associated with the job creation and workforce study requirements (Section 25(1), chapter 301, Oregon Laws 2007) and how these requirements relate to this section of the statute.

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