

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 622

In the Matter of

Rulemaking for Small Scale Renewable
Energy Projects

WRITTEN COMMENTS OF
RENEWABLE NORTHWEST

Renewable Northwest is grateful for the opportunity to respond to the February 7, 2019, ALJ Memorandum calling for written comments in the matter of AR 622. These comments complement Renewable Northwest’s testimony at the February 14, 2019 Rulemaking Hearing and Special Public Meeting, and are structured according to the key issues listed in the ALJ Memorandum.

Senate Bill 1547 (2016) changed the Small-Scale Community-Based Renewable Energy Project from an 8 percent energy goal to an 8 percent capacity mandate.¹ This change raised the issues of how compliance with the mandate should be demonstrated and whether the traditional instrument of a renewable energy certificate (“REC”)—associated with claims of consumption of renewable energy—was appropriate to use as evidence of compliance.

Key issue—Denominator: demand versus supply values, considering ease of verification, consistency with the statute, symmetry in numerator and denominator, and effect of future supply growth.

ORS 469A.210(2) uses the language “[...] at least eight percent of the aggregate electrical capacity of all electric companies [...].” Capacity is a measure of power, with units of watts. One watt is one joule of energy per second, so capacity is a measure of energy generated. Given this understanding of capacity, it makes more sense for the denominator to be a measure of supply (all generation resources) rather than demand (system peak).

The kind of creative thinking that would support measuring the denominator in terms of demand would also lead to questions of the extent to which eligible resources in the numerator meet that demand—i.e. would it be more appropriate to count these resources’ firm capacity or their

¹ SB 1547 (2016), Section 14, *available at* <https://olis.leg.state.or.us/liz/2016R1/Downloads/MeasureDocument/SB1547/Enrolled>.

contribution to peak. The December 11, 2018, Staff Report states that, “[e]lecting to measure an individual project by its contribution to peak also presents a number of complications to the analysis; when peaks occur and what each individual resource’s contribution to them would need to be determined yearly.”² Calculating an eligible resource’s contribution to peak as the numerator in order that the denominator could be measured according to system peak seems unnecessarily complicated.

If the capacity under consideration for the denominator is to be the “nameplate capacity”, as indicated in the Proposed Rules filed with the Secretary of State on December 27, 2018, this becomes a measure of the maximum potential to generate power.³ For consistency, as well as ease of verification, the numerator should also be measured as the nameplate capacity of eligible renewable energy projects (as will be discussed further below).

Key issue—Supply value criteria: how to exclude short term market purchases.

To the extent a power purchase agreement (“PPA”) is included in the supply criteria, the maximum output of that PPA resource should be accounted for in order to be consistent with use of nameplate capacity (i.e. maximum potential power) for the denominator, as is discussed above. “Short term market purchases” do not have a precise definition, but any PPA with a term length shorter than a utility’s IRP action plan window—meaning that the PPA could be replaced in the next IRP—could be considered short term for this purpose.

Key issue—Numerator: environmental attribute ownership required or not, considering potential conflict with other states’ programs, consistency with the statute, ease of implementation and verification, any unintended consequences with different qualifying facility (QF) contract types or sufficiency/deficiency period.

If the denominator is measured as the nameplate capacity of all generation resources, then the numerator should be measured according to the nameplate capacity of eligible projects. When SB 1547 changed the 8 percent energy goal to an 8 percent capacity mandate, it did more than just change the units by which compliance would be measured. The switch from energy to capacity changed compliance from being about actual *consumption* of renewable energy in MWh to potential *production* in MW. A REC is a claim to consumption of renewable energy. An eligible project can claim to have the potential to produce renewable power (the nameplate capacity), and the REC owner can claim use of the energy associated with that renewable power.

² AR 622 Staff Report at 4 (Dec. 11, 2018), *available at* <https://edocs.puc.state.or.us/efdocs/HAU/ar622hau174114.pdf>.

³ Notice of Proposed Rulemaking, Chapter 860, Public Utility Commission, 860-091-0010,-0020, *available at* <https://edocs.puc.state.or.us/efdocs/HCB/ar622hcb163231.pdf>.

A single MWh of renewable energy can have a single producer, a single deliverer, and a single consumer: all three of these entities can be different without introducing double-counting.

If it makes sense for the denominator (and for consistency the numerator) to be measured in terms of nameplate capacity, i.e. the potential *production* of renewable energy, then it does not seem necessary for the utility to have ownership of the environmental attributes (RECs) associated with *consumption* of that power. This understanding would also comport with the OAR chapter 860-084 regarding the Solar Photovoltaic Capacity Standard whereby to comply with the standard the utility merely had to report the nameplate capacity of the resource (along with other information to identify the resource and determine eligibility) and was not required to show ownership of the environmental attributes.

Key issue—Program Duration: Continuing beyond 2025 or ending in 2025 considering statutory intent.

As we stated in our comments of Sept. 28, 2018, “ORS 469A.210 [...] requires continuing compliance with the 8 percent requirement beyond 2025. Once such a requirement is in place, it generally takes an act of the legislature to eliminate it.”⁴ If the statutory intent was that the program should end in 2025, then that should have been made clear by the legislature. Given the absence of such language, and the economic development intent that would appear to underpin the original legislation, it seems clear that the program should continue beyond 2025.

Renewable Northwest looks forward to seeing the matrix to be posted by the Administrative Hearings Division for Commission deliberation on February 25, 2019, and listening to the Commission deliberate on February 26, 2019.

Respectfully submitted this 21st day of February, 2019.

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⁴ AR 622, Renewable Northwest Response to Staff Request at 1 (Sept. 28, 2018), *available at* <https://edocs.puc.state.or.us/efdocs/HAC/ar622hac163937.pdf>.