BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 2024

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| In the Matter of<br><br>PUBLIC UTILITY COMMISSION OF OREGON,<br><br>INVESTIGATION INTO LONG-TERM DIRECT ACCESS PROGRAMS | )<br>)<br>)<br>)<br>)<br>)<br>) | NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION's **DIRECT ACCESS STRAW PROPOSAL** |

The Northwest and Intermountain Power Producers Coalition ("**NIPPC**") appreciate this opportunity to provide a straw proposal recommending modifications for Oregon's regulatory implementation of the Direct Access program. We look forward to working with all parties to find common ground to facilitate a robust and fair program going forward.

1. **<u>Resource Adequacy</u>**: All long-term Direct Access programs will be subject to resource adequacy ("**RA**") requirements as adopted by the Commission. The remainder of this straw proposal assumes that the Commission will adopt and enforce appropriate requirements through Docket UM 2143 that ensure Electricity Service Suppliers ("**ESSs**") and Direct Access customers are contributing their share of RA in Oregon. Pending such adoption, this straw proposal sets forth proposed baseline RA requirements that would allow an individual ESS meeting such requirements to serve additional long term Direct Access load over and above existing cap limits. This baseline RA requirement proposal does not depend on finalization of Commission action in Docket UM 2143 but may be complemented or strengthened by such Commission action.

2. **Non-Bypassable surcharges:** The Direct Access Program will be subject to specified non-bypassable surcharges for "public policy" costs:

    a. Such surcharges shall be charged on a per-kWh delivered basis, at the same rate as applied to commercial/industrial customers of the same size taking service through the applicable IOU rate schedule.

b. NIPPC generally supports the description and treatment of "public policy" costs as NIPPC understands will be set forth in AWEC's straw proposal.

c. NIPPC concurs with AWEC's examples of costs that are not appropriate "public policy" costs to be borne by the direct access program and must be excluded from the non-bypassable surcharges, including, *inter alia*:

    i. demand response (provides capacity benefit to COS customers);
    ii. any program that is not required by law or regulation;
    iii. any program does not confer a T&D benefit (and thus is not recovered through T&D charges);
    iv. any program in which DA customers are ineligible to participate.

3. **Standard long term direct access**. ("**Standard LTDA**")

    a. No Presumption for a cap. NIPPC does not believe there is a presumptive basis for caps on DA to the extent DA bears its share of non-bypassable charges and is subject to RA requirements, and that it is incumbent on parties seeking to maintain a cap to justify the basis for any such cap. The lifting of existing caps may best be implemented somewhat gradually and incrementally (see section 3(d) below).

    b. Temporary cap pending RA implementation: The current caps on long-term direct access shall remain in place pending development of appropriate RA requirements applicable to DA in Docket UM 2143, subject to incremental waiver pursuant to Section 3(c) below.

    c. Incremental Cap Waiver for individual ESSs meeting "Baseline DA RA Requirements." Pending final Commission action on Resource Adequacy in UM 2143, an ESS that meets Baseline DA RA Requirements as proposed here shall be eligible to serve incremental load over and above current DA caps. "Baseline DA RA Requirements" shall be:

        i. two consecutive successful "forward-showing" demonstrations of RA as a "Participant" within NWPP's regional RA program (including in Stage 1) and a demonstrated commitment to remain an ongoing Participant in the regional program;[1]

ii. Payment to the utility of an RA Backstop Charge as determined by the Commission to cover the cost incurred by the utility for providing RA service applicable to the DA load; or

iii. such other alternative Baseline DA RA Requirements as established by the Commission.

Only ESSs that have met this Baseline DA RA Requirements obligation will be eligible to serve the incremental load above the existing standard LTDA caps.

d. Initial and periodic cap increases once RA requirements are in place. Upon implementation of mandatory RA requirements for ESSs as determined by the Commission, the standard LTDA cap be increased by 50 percent above the current cap (including any incremental load pursuant to waivers for meeting a baseline RA standard under Section 3(c) above), and such cap be increased by an additional 10% annually above the then-current cap unless the Commission finds that a party establishes a valid justification to suspend such an increase.

e. Threshold for Standard LTDA: 100 kw (no aggregation required)

f. Transition Fees:

i. Five year cap

ii. No Consumer Opt Out Charge

iii. Transition fees must reflect depreciation of assets over time

iv. Transition fees to flow from the utility to direct access providers as appropriate where direct access avoids or delays need for utility acquisition of capacity.

[1] This suggested baseline requirement is a preliminary, illustrative suggestion that remains contingent on review of the emerging design of the Western RA Program provided by NWPP. The program design is not yet final, the ability to successfully participate may vary by ESS and utility, and there may be other appropriate ways to define a baseline requirement.

**4. Large New Load Direct Access (>10 MWa) ("Large NLDA")**

a. Temporary cap pending RA implementation: Caps on large new load term direct access shall increase by 50% pending implementation of the baseline RA requirements described above. This increase reflects the fact that Large NLDA is paying a share of RA requirements through transition fees, as required by the Commission.

b. No cap once baseline RA requirements are in place.

c. Threshold for Large NLDA: 10 MWa

d. Transition Fees: No transition fees for Large NLDA once baseline RA requirements are in place.

**5. Midsize New Load Direct Access (>5MWa<10 MWa) ("Midsize NLDA")**

a. Temporary cap pending RA implementation: Midsize NLDA cap equal to current Large NLDA Cap, and increase thereafter by 10% per year.

b. No Cap on midsize NLDA once baseline RA requirements are in place.

c. Transition Fees:

i. Long Lead Notice: No transition fees for Midsize NLDA where customer informs utility at least 24 months in advance that it is not requesting utility service.

ii. Shorter lead notice: Transition fees equal to 20 percent otherwise applicable transition fees for standard long term direct access.

iii. Burden on the utility to demonstrate that it planned for midsize load.

6. **Provider of Last Resort Obligations ("POLR")**

A utility's POLR obligations for long-term DA customers seeking to return to utility service for any reason on less than 3 years notice shall be limited to supplying power available on the market pursuant to a rate schedule to be developed by the IOU that reflects the costs to the IOU of serving the customer at market prices, including energy, capacity, RPS and remaining exit fees but shall not include any costs for acquisition of capacity or supply in anticipation of customer return without notice or any risk premium.[2] IOUs may preferentially serve existing COS customers before serving DA customers that return on an emergency basis if utility is unable to obtain emergency energy.

Respectfully submitted,

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[2] *See* Section 860-038-0250 (2)(a)