BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of ALLIANCE OF WESTERN ENERGY CONSUMERS,	)	DOCKET NO. UM 2024
Investigation into Long-Term Direct Access Programs	)	CALPINE ENERGY SOLUTIONS, LLC'S STRAW PROPOSAL

In accordance with the procedural schedule, Calpine Energy Solutions, LLC ("Calpine Solutions") hereby respectfully submits its Straw Proposal in this proceeding. Calpine Solutions' Straw Proposal addresses several, but not all, of the issues listed in Staff's Issues List in this proceeding. Calpine Solutions looks forward to reviewing other parties' Straw Proposals and reserves the right to take a position on issues not addressed in this Straw Proposal or to modify its position set forth below in response to other parties' Straw Proposals.

STRAW PROPOSAL

I. Eligibility for Three-Year and Five-Year Direct Access Programs

The aggregation limit for eligible customers for PacifiCorp's three-year and five-year programs should be lowered to bring its eligibility limit in line with that in Portland General Electric's ("PGE") program. Currently, PacifiCorp's three-year program and five-year program are available only to customers having "meters of more than 200 kW of billing demand at least once in the previous thirteen months that total to at least 2 MW."[1] In contrast, customers are eligible for PGE's three-year and five-year programs if they can aggregate service points of at

[1] PacifiCorp's Schedule 295, p. 1; PacifiCorp's Schedule 296, p. 1.

least 250 kW to 1 average MW ("aMW").[2] There is no apparent basis for requiring a higher aggregation threshold for PacifiCorp's program, and therefore PacifiCorp's program should be lowered to no higher than a 1-aMW aggregation threshold.

II. Transition charges

If the Commission continues to use the ongoing valuation method of transition charges for the five-year programs, the Commission should limit the ongoing valuation calculation to a five-year term for both PGE and PacifiCorp and should eliminate the consumer opt out charge for PacifiCorp.[3] PacifiCorp's consumer opt out charge is a projected ongoing valuation method calculation for years six through 10 after the customer elects direct access service, but payment is brought forward into years one through five. The consumer opt out charge has proven to be an unnecessary impediment to participation in PacifiCorp's five-year program, and is inconsistent with PGE's five-year program, which is limited to a five-year ongoing valuation calculation.

III. Cap for Non-Curtailable load

The cap for non-curtailable load, required by OAR 860-038-0290(7), should be set a level no lower than current enrollment in the direct access programs to ensure that existing customers are not faced with the requirement to agree to become curtailable, and existing direct access customers should be given preference to elect to be non-curtailable. The Commission developed the preferential curtailment option primarily as a means to allow expansion of direct access enrollment caps. Thus, it would be inequitable and unreasonable to subject existing direct

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[2] *See* PGE's Schedule 485, p. 1 ("To obtain service under this schedule, Customers must initially enroll a minimum of 1 MWa determined by a demonstrated usage pattern such that projected usage for a full 12 months is at least 8,760,000 kWh (1 MWa) from one or more Service Points (SPs). Each SP must have a Facility Capacity of at least 250 kW.").

[3] *See* OAR 860-038-0005(18) (defining "ongoing valuation" as "the process of determining transition costs or benefits for a generation asset by comparing the value of the asset output at projected market prices for a defined period to an estimate of the revenue requirement of the asset for the same time period.").

access customers to preferential curtailment when such customers did not contemplate, and may not be reasonably capable of, being subjected to preferential curtailment when they elected to enroll in direct access.

Calpine Solutions believes that a significantly higher cap than the current program enrollment levels would be justified for non-curtailable load, particularly since the new provider of last resort obligations require non-curtailable customers to pay incremental capacity and energy costs in excess of market prices upon an early return to the utility.[4] Thus, Calpine Solutions reserves the right to support proposals by other parties for a higher cap. However, at a minimum, the cap for non-curtailable load should be set above the level of existing customers who did not agree to become curtailable customers when they enrolled in the programs.

IV. Resource Adequacy

A. Alternative Resource Adequacy Options

Calpine Solutions supports providing electricity service suppliers ("ESS") with the option to meet the Resource Adequacy needs of their long-term opt-out customers through participation in the Regional Program or the State Program's forward showing requirements. However, for the reasons argued in Docket Nos. UM 2143 and AR 660, the Commission should develop alternative options to ensure direct access customers have one viable option if ESS compliance with the Regional Program or State Program proves to be infeasible. This Straw Proposal provides an outline of those alternative mechanisms.

1. Capacity Backstop Charge

The Commission should require utilities to offer a Capacity Backstop Charge to direct access customers as an alternative to purchasing Resource Adequacy-complaint supply from

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[4] OAR 860-038-0290(14).

their ESS. The Capacity Backstop Charge should be available on a per-customer basis as opposed to requiring the ESS's entire portfolio of customers to opt into the charge.

The Commission would calculate the Capacity Backstop Charge in this proceeding or in an appropriate rate case. This type of charge is not materially different from other capacity charges proposed by utilities, and adjudicated by the Commission, in rate cases. PGE proposed such a charge for new load direct access customers, referred to as the Resource Adequacy Charge ("RAD") in Docket No. UE 358. Additionally, PacifiCorp has recently proposed a similar capacity charge for new, extra-large, cost-of-service customers in its ongoing rate case, Docket No. UE 433. In that case, PacifiCorp proposes a "Capacity Reservation Charge" set at 11.5% of fixed generation costs, plus transmission revenue requirement, for the demand the customer contracted for PacifiCorp to provide but that ultimately the customer did not use.[5] The fixed generation component of PacifiCorp's proposed Capacity Reservation Charge is similar conceptually to the Capacity Backstop Charge proposed for direct access customers.[6]

The customers should have a reasonable opportunity to switch between the Capacity Backstop Charge and an ESS-supplied resource adequacy product, subject to appropriate notice to the ESS and the utility providing the backstop. As an initial proposal, it would be reasonable to require existing customers to elect their supplier of Resource Adequacy within six months after the Capacity Backstop Charge is established and, for customers electing ESS-supplied Resource Adequacy, to require the same notice to switch to utility-supplied Resource Adequacy as is required to return to cost-of-service energy rates in the long-term opt-out programs.

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[5] UE 433 PAC/1800, DeMers/2-10. PacifiCorp calculated the 11.5% fixed generation charge based on its planning reserve margin. *Id.* at 7.

[6] Direct access customers take network transmission service from their ESS, and therefore the transmission component of PacifiCorp's Capacity Reservation Charge would not apply to a Capacity Backstop Charge for direct access customers.

2. Request for Offers

In the alternative, if a Capacity Backstop Charge is not adopted, the Commission should at least require utilities to issue an annual Request for Offers ("RFO") from ESSs to buy the utility's excess capacity and/or transmission rights that meets the Western Resource Adequacy Program's ("WRAP") requirement, as follows:

- The public utility must issue an annual RFO from ESSs to buy the utility's excess capacity that meets the WRAP's definition of Qualifying Resources for use in WRAP's Forward Showing ("FS")[7] and/or transmission rights meeting the WRAP's FS Transmission Requirement.[8] The resources should include those available for any period within the upcoming two-year time horizon of the State Program's forward showing. The utility should issue its request for offers at least 90 days prior to the WRAP's November 1st deadline for the Summer Season Forward Showing, and the utility should provide final responses to any bidding ESSs at least 45 days before November 1st.[9]
- If the public utility rejects such offers from ESSs, the public utility must be prepared to justify the prudence of any subsequent sale of such excess capacity and transmission in a bilateral sale with another entity at a price less than the offers, if any, received from ESSs.
- Each year, the public utility must provide a backward-looking report to the Commission, subject to appropriate confidentiality provisions, describing whether

[7] *See* WRAP Tariff, Definitions ("Qualifying Resources"); *id.* at Part II (FS Program Requirements).

[8] WRAP Tariff, § 16.3.

[9] WRAP's Summer Season begins June 1, and the Forward Showing for the Summer Season is due seven months earlier, on November 1. WRAP Tariff, Definition of "Summer Season."

the utility received any offers from ESSs in the past years, and if so, demonstrating that such capacity and transmission rights were not sold to other parties at a price less than such offers, or if such sales were made at a price lower than offers from ESS(s), explaining why such sales occurred.

- The rules should state that nothing in this reporting and prudence evaluation is intended to limit the utility from complying with WRAP's Holdback Requirements or Energy Deployments, such as sales made within the WRAP's Operations Program at WRAP-established rates.[10]

B. Treatment of Direct Access Load for Resource Adequacy Compliance

The incumbent utility will be the provider of Resource Adequacy to customers in the one-year and three-year direct access programs, and for the five-year program customers paying transition charges during the term of such transition charges. This treatment is justified because such customers continue to pay for the utility's generation costs, subject to an offsetting value for the freed-up energy but not capacity.[11]

V. Election Window

To the extent that ESSs will be responsible for the Resource Adequacy requirements of newly enrolled customers in the one-year, three-year, or five-year programs, PacifiCorp's election window should be moved from November 15 to a date ensuring completion of the

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[10] For a detailed description of the WRAP Operations Program, *see* Western Power Pool's WRAP Submittal Letter, FERC Docket No. ER22-2762, pp. 29-37 (Aug. 31, 2022) available at https://elibrary.ferc.gov/eLibrary/docketsheet?docket_number=er22-2762&sub_docket=all&dt_from=1960-01-01&dt_to=2022-11-11&chklegadata=false&pagenm=dsearch&date_range=custom&search_type=docket&date_type=filed_date&sub_docket_q=allsub.

[11] *See* Northwest & Intermountain Power Producers Coalition's Comments, Docket No. AR 660, pp. 29-36 (January 8, 2024).

window in September to allow an ESS to plan for new customers in its forward showing requirements due to WRAP for the Summer Season on November 1.[12]

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[12] *See id.* at pp. 32-33, 35.