PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah Street, Suite 2000
Portland, Oregon 97232

February 29, 2024

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

RE: UM 2024 – PacifiCorp's Direct Access Straw Proposal

Enclosed for filing is PacifiCorp's, dba Pacific Power, Direct Access Straw Proposal in the above captioned proceeding. Informal inquiries may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

Matthew McVee
Vice President, Regulatory Policy and Operations

UM 2024
PacifiCorp's Oregon Direct Access Straw Proposal
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Program Caps

- Presently caps for Permanent Direct Access are 175 aMW for the Five Year Opt-Out program (Schedule 296) and 89 aMW for the New Load Direct Access program (Schedule 293). This is a total of 264 aMW. No increase should be made to the cap for permanent direct access consumers who are not subject to preferential curtailment.
- A cap should also exist for direct access consumers who are subject to preferential curtailment. There should not be more preferentially curtailable load than what the Company could potentially serve on an intermittent basis. A reasonable cap for total direct access participation would be the 13% planning reserve margin used in the Integrated Resource Plan. Applying 13% to the highest Oregon load of 2,672 MW yields 347 MW. After subtracting 264 MW presently available for non-preferentially curtailable direct access, 83 MW would remain for potential preferentially curtailable direct access loads. Direct access eligible for preferential curtailment should be capped at this level.
- The Commission may reexamine the cap for preferential curtailment every five years.

Preferential Curtailment

- When a consumer opts out of cost of service and onto permanent direct access, they must choose to either be preferentially curtailable or non-curtailable. They may not enroll in either if the cap has been reached. Consumers will be allowed in under the cap on a first-come, first-served basis.
- If capacity is available, a preferentially curtailable direct access participant may change its election to non-curtailable during the November election window for the immediately following year.
- To ensure adequate time is available to install necessary equipment given supply chain issues, a non-curtailable direct access participant must make a request from the Company to be outfitted with the necessary equipment for curtailment prior to enrollment in the preferentially curtailable option. The consumer must have all equipment installed and tested before making an election to be preferentially curtailable.
- A new load direct access participant must provide sufficient notice of its election to be either curtailable or non-curtailable. Installation of equipment and testing must occur before the new load direct access consumer energizes its load under the preferentially curtailable option.
- A load must be at least 10 MW to participate in the preferential curtailment option.

- The full cost of equipment necessary to operationalize curtailment shall be collected upfront from the consumer. This will include but not be limited to metering, communications, and telemetry. The consumer shall also pay any cost of ongoing maintenance of equipment necessary to operationalize curtailment, as applicable.
- Consumers electing direct access shall be assessed a one-time administrative fee to get set up to be curtailable.
- Within 60 days of the consumer's request, the Company shall provide an estimate of the cost to become preferentially curtailable.
- Curtailment shall be accomplished through either direct control devices or through the metering to the site itself in order to provide the utility with fully automated curtailment capability.
- A consumer may not opt in to the curtailable option until upgrades required to curtail the load are installed, tested, and properly functioning.
- If the non-curtailable cap is already met, and a consumer elects to be curtailable, it may not enroll in a permanent direct access program until upgrades required to curtail the load are installed, tested, and properly functioning.
- A preferentially curtailable consumer may designate a portion of its load as non-curtailable. The non-curtailable portion of its load must be within the cap for non-curtailable direct access.
- If a preferentially curtailable consumer returns to default supply without providing the required notice, the Company shall provide the consumer with Uncommitted Supply before curtailing the consumer.
- Uncommitted Supply shall be deemed unavailable and participants shall be subject to curtailment in any of the following circumstances:
    - The PacifiCorp West (PACW) balancing area is in a position where operating reserves need to be called upon.
    - The Company is unable to maintain resource sufficiency in an organized market.
    - PacifiCorp has declared a reliability event (Generation 1 Alert).
- The consumer shall be given at least 5 minutes notice of a curtailment event.
- The consumer may not opt-out of a curtailment event.
- Insofar as the conditions in the prior bullets are met, curtailment events and duration shall not be limited, but service shall be restored as soon as practicable after Uncommitted Supply becomes available.
- The consumer shall indemnify the Company against any and all damages resulting from its curtailment if the Company follows its approved tariff.
- When direct access consumers return to default supply with less than the required notice, they shall be curtailed in a first returned, first curtailed order. Since a utility has begun planning for a returning consumer who has provided notice to return to cost of service, those consumers shall be curtailed after consumers who have not given notice. Consumers who have given notice to return to cost of service shall be curtailed on a last given notice, first curtailed basis.

- Certain customers with critical facilities shall not be allowed to be preferentially curtailable unless they receive a waiver from the Commission, including:
    - Hospitals and medical facilities
    - Emergency response providers
    - Natural gas and other fuel provider facilities
    - Sewage treatment plants
    - Prisons
    - Military or other critical government facilities

Provider of Last Resort

- If a consumer returns without 4 years notice, it shall first be put on emergency default service.
- After completing the required time on emergency default service, the consumer shall pay energy-related costs each month. Energy-related costs shall consist of the greater of Schedule 201 or Standard Daily Offer, excluding the cost of thermal resources and re-calculated so that the weightings by market hub equal 100 percent.
- After completing the required time on emergency default service, non-preferentially curtailable consumers shall pay demand-related charges each month. Demand-related charges shall consist of the greater of Schedule 200 or capacity-related avoided costs.
- After a consumer returns without 4 years notice, it shall have 6 months to find a new ESS. It may enroll with the new ESS outside of the November enrollment window. If it does not find a new ESS within 6 months, it shall be considered to have given the Company notice of its return. The consumer can give notice to return before the 6 months elapses.
- After providing notice of return, a consumer may not re-enroll in direct access until its 4 year notice period elapses.
- For the entirety of the 4 year period of return, the consumer shall pay the charges noted above and be subject to preferential curtailment if applicable.
- After a consumer completes its 4 year term to return, it shall be considered the same as any other cost of service customer.

Transition Adjustments

- The intention of transition adjustments is to keep cost of service consumers indifferent from whether a consumer leaves for direct access or not. Transition adjustments are designed to reflect the forecast difference between the average cost of supplying energy and the incremental cost of supplying energy. Cost of service customers bear the risk of forecast error, which can be significant during periods of increased volatility.

- To mitigate this forecast risk, transition adjustments should have floors and caps on their price.
- Setting a cap and floor based off of the utility's embedded generation cost is reasonable.
- Over the course of a year, the transition adjustment should not be a charge or credit that is more than 50% of the average cost of Schedule 201.
- The transition adjustment shall no longer be based upon model runs but will rather be the average cost of Schedule 201 minus a forecast of blended market hub prices.
- Instead of 5 years to opt-out, transition adjustments should happen over 4 years which is in line with the time required to provide notice for return to service.

Consumer Opt-Out Charge

- The Consumer Opt-Out Charge shall be either a charge or no charge. Its minimum value is zero and under no circumstances shall it be a credit. Its purpose is to recover stranded costs. The value of freed-up energy (avoided costs) is a forecast and further exposing cost of service customers to the risk of that forecast by providing an additional credit beyond that which is in the transition adjustment is inappropriate.

Non-Bypassable Charges

- Each time a new adjustment schedule is being proposed by the utility, the utility will make a recommendation whether the charge applies to all direct access consumers, only permanently opted-out direct access consumers, or cost of service customers-only and the Commission shall approve or deny the utility's approved applicability.
- The applicability of adjustment schedules to direct access should not be relitigated.
- In addition to the considerations listed on OAR 860-038-0170, whether an adjustment schedule pertains to safely and reliably delivering power shall also be a factor.

Miscellaneous Issues

- If a consumer enrolls in the 3 year or 5 year program (which the Company recommends becoming a 4 year program), it may not switch to another program. The transition adjustments it has signed up for are based upon the forecast value of freed-up energy at the time it enrolled. Allowing a consumer to switch programs exposes cost of service consumers to asymmetric forecast risk.