

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2032

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into Treatment of Network
Upgrade Costs for Qualifying Facilities.

RULING

DISPOSITION: ISSUES LIST ADOPTED

I. BACKGROUND

At the July 30, 2019 Public Meeting, Staff recommended that several investigations regarding PURPA implementation be opened. This investigation was opened to address the appropriate cost allocation of interconnection-related Network Upgrades for qualifying facilities (QF). Requests were made by stakeholders to expand this scope to include issues such as whether utilities should be required to allow generators to hire third parties to conduct interconnection studies and to build Network Upgrades. After consideration at the meeting, the Commission directed the Administrative Hearings Division to undertake a process to consider parties' recommendations regarding whether the scope of the investigation into the treatment of Network Upgrade costs for QFs should be expanded to include a limited number of additional, discrete issues related to the interconnection of QFs.

The parties conferred on the question, but did not agree. Following the end of a stay, Staff made a filing to report that parties agreed Staff should submit a proposed issues list, with an opportunity for parties to respond. On April 28, 2020, Staff filed an Amended Proposed Issues List as agreed to by the parties. A schedule was adopted on April 29, 2020, to address Staff's filing. Pursuant to this schedule, parties filed responsive comments on May 4, 2020, and Staff filed reply comments on May 11, 2020.

II. ISSUES LIST RECOMMENDATIONS BY PARTIES

Staff recommends that an initial phase of this docket be limited to the following questions:

1. Who should be required to pay for Network Upgrades necessary to interconnect the QF to the host utility?
2. Should on-system QFs be required to interconnect to the host utility with Network Resource Interconnection (NRIS) or should QFs have the option to interconnect with Energy Resource Interconnection Service (ERIS) or an interconnection service similar to ERIS?

Depending on the resolution of these two questions, a second phase of the docket may be necessary, Staff indicates, to address implementation issues:

3. If the answer to Issue No. 1 is that users and beneficiaries of Network Upgrades (which typically are primarily utility customers) should pay for the Network Upgrades necessary to interconnect the QF to the host utility, how should that policy be implemented? For example, should utility customers, and other beneficiaries and/or users, fund the cost of the Network Upgrades upfront, or should the QF provide the funding for the Network Upgrade subject to reimbursement from utility customers? Should the QF, utility customers, and other beneficiaries and users, if any, share the costs of Network Upgrades?

On May 4, 2020, joint comments were filed by Idaho Power Company, Portland General Electric Company, and PacifiCorp, dba Pacific Power (Joint Utilities). The Joint Utilities support Staff's framing of the two primary issues for an initial phase of this docket, with a second phase reserved to answer the third question should the Commission modify existing policy. They observe that the Commission opened this docket with a narrow focus on cost allocation under PURPA for QF interconnection and Network Upgrades. As the two primary issues are legally and factually complex, with sub-issues including jurisdictional questions, the Joint Utilities recommend against complicating and potentially delaying resolution of the primary issues with additional issues.

The Alliance of Western Energy Consumers (AWEC) filed comments on May 4, 2020, agreeing with Staff's limitation of the initial phase of this docket to two issues. AWEC also agrees with Staff that a second phase may be needed to address a third issue depending on the outcome of the first phase. The three issues primarily involve legal and policy questions which may be handled together in an efficient manner to resolve questions of cost responsibility that affect customers buying power from the Joint Utilities, AWEC observes.

Joint comments were also filed by the Northwest & Intermountain Power Producers Coalition, the Renewable Energy Coalition, and the Community Renewable Energy Association (Industry Associations) on April 20, 2020, and May 4, 2020. Although the Industry Associations have a significant list of concerns and issues related to the interconnection process which are based on difficult experiences,¹ they request a scope expansion to address the three issues that they find to be the most pressing:

1. The interconnection customer's option to build (or hire third parties to build) interconnection facilities and Network Upgrades;
2. The interconnection customer's opportunities to hire third parties to perform interconnection studies; and
3. A process through which an interconnection customer may challenge utility cost estimates and propose alternatives.

Primarily concerned with an interconnection customer's ability to monitor a utility's work and possibly reduce the cost of interconnection, the Industry Associations argue that these issues are implicated by Staff's issues and appropriately addressed with them. The question of "who pays" should be considered with "cost sharing" possibilities. The Industry Associations also propose combining Staff's Issue No. 1 with Issue No. 3 to ask: "How should the cost of Network Upgrades be allocated?"² They suggest doing so will mitigate procedural disputes about whether sub-issues should be addressed in phase 1 or 2.

Staff acknowledges the additional issues raised by the Industry Associations are important and shares an interest in expeditious resolution. Staff discusses several reasons why it is better to separately address these issues, however, including that they are technical in nature, and concern all interconnection customers. In reply comments, Staff explains that several dockets were opened to address the continued implementation of the Public Utility Regulatory Act (PURPA) with this one asking, "whether and how a generator's status as a qualifying facility under PURPA should impact the Commission's decision regarding the allocation of costs to interconnection."³ "In contrast," Staff observes, "the generator's status as a QF or non-QF has no impact, to Staff's knowledge, on the resolution of the issues the Industry Associations ask to be included in this docket" and they should be separately addressed.⁴ Instead, Staff will recommend to the Commission, no later than July 1, 2020, that a general investigation be opened to address

¹ The Industry Associations discuss several interconnection complaint cases for illustration purposes.

² NIPPC, the Coalition and CREA Comments on Staff's Proposed Issues Listat. 9 (May 4, 2020).

³ Staff's Reply Comments on Scope of Docketat 2 (May 11, 2020).

⁴ *Id.*

issues regarding the interconnection process and policies. Staff also advises against combining issues.

III. RULING

This docket is part of a large, integrated plan that Staff recommended, almost a year ago, be undertaken by the Commission to fully address a range of issues regarding the continued implementation of PURPA.⁵ At the time that the Commission approved Staff's recommendation, the Commission authorized the Administrative Hearings Division to consider "whether the scope of the investigation into the treatment of network upgrade costs for QFs should be expanded to include a limited number of additional, discrete issues related to interconnection of QFs."⁶

As a result of the process undertaken to respond to the Commission's direction, Staff has persuasively explained how the additional issues proposed by the Industry Associations are outside the scope of this docket as they are not limited to QFs, but rather potentially involve all interconnection customers. In any case, all interconnection customers must be advised of the issues and have an opportunity to participate. As such, the issues are outside of the Commission's direction regarding expansion of this docket's scope.

I find Staff's commitment to recommend to the Commission, no later than July 1, 2020, that a general investigation be opened to address issues regarding the interconnection process and policies to be a reasonable approach to appropriately addressing all of, rather than just a subset of, the important issues raised by the Industry Associations. Also, Staff's proposed timeline would allow for these issues to be taken up without considerable delay compared to the Industry Associations' recommended approach, while keeping the number of topics in each docket to a reasonable and manageable level. Recognizing that Staff has thoughtfully considered how to address the issues in this docket, within its integrated plan, I also find Staff's proposed issues list for this docket to be appropriate, and adopt it without modification. A prehearing conference by telephone will be arranged to set up a procedural schedule to address these issues.

Dated this 22nd day of May, 2020, at Salem, Oregon.



Traci A. G. Kirkpatrick
Administrative Law Judge

^{5 5} *In the Matter of Public Utility Commission of Oregon, Investigation into PURPA Implementation*, Docket No. UM 2000, Staff Report for the July 30, 2019 Public Meeting (July 22, 2019).
PUC Investigation Into PURPA Implementation, Order No. 19-254 (Jul 31, 2019).