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**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UM 2032 – Investigation into the Treatment of Network Upgrade Costs for Qualifying Facilities**

Attention Filing Center:

Attached for filing in the above-captioned docket is the Joint Utilities' Reply Testimony of Richard A. Vail, Kris Bremer, Shaun Foster, Andrey Olennikov, and Jared Ellsworth (Joint Utilities/500).

Please contact this office with any questions.

Sincerely,

Alisha Till  
Paralegal

Attachment

BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON

**DOCKET NO. UM 2032**

Joint Utilities' Reply Testimony

Joint Utilities: PacifiCorp d/b/a Pacific Power, Portland General Electric  
Company, and Idaho Power Company

**JOINT UTILITIES EXHIBIT 500**

**Joint Reply Testimony of Richard A. Vail, Kris Bremer, Shaun Foster,  
Andrey Olennikov, and Jared Ellsworth**

January 19, 2022

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## **I. PURPOSE AND SUMMARY OF TESTIMONY**

1 **Q. What is the purpose of your testimony?**

2 A. Our testimony responds to the reply testimony filed by the Interconnection Customers  
3 Coalition (ICC) and Public Utility Commission of Oregon (Commission) Staff.

4 **Q. Please summarize your testimony.**

5 A. We continue to believe that the Commission's current policies, which allocate the costs of  
6 QF-driven Network Upgrades to the QFs that cause them, are consistent with the customer  
7 indifference standard and are critical to ensure the economically efficient development of  
8 QFs. The Joint Utilities are open to exploring methodologies for implementing the  
9 Commission's "quantifiable system-wide benefits" test in Phase II of this docket, but we  
10 believe the implementation method proposed by the Joint Utilities is the only proposal  
11 made in this docket to date that is both workable and supported by evidence. We also  
12 continue to support our view that Network Resource Interconnection Service (NRIS) is the  
13 only appropriate interconnection service type for QFs. Allowing a QF to obtain Energy  
14 Resource Interconnection Service (ERIS) would remove a critical financial incentive for  
15 the economically efficient development of QF power and would shift costs to retail  
16 customers. No party has proposed a workable alternative to NRIS.

## **II. ISSUE I: COST ALLOCATION FOR NETWORK UPGRADES**

### **A. Summary of Parties' Positions**

17 **Q. Please summarize your prior testimony on this issue.**

18 A. The primary issue raised in this docket is who should pay for Network Upgrades  
19 necessitated by a QF's interconnection. Our opening and reply testimony explained that

1 the extent of Network Upgrades triggered by both NRIS and ERIS—and their associated  
2 costs—are driven by a QF’s siting choice. The Joint Utilities believe that the Commission’s  
3 current policies, which allocate the costs of a QF’s interconnection-driven Network  
4 Upgrades to the QF that causes them, are consistent with the customer indifference standard  
5 and critical to ensure the economically efficient development of QFs.

6 **Q. After reading the parties’ reply testimony, has your position changed?**

7 A. No.

8 **Q. Have any new issues been raised in the parties’ reply testimony?**

9 A. Very few. The ICC witness, John Lowe, raises for the first time some issues related to  
10 PacifiCorp’s interconnection queue reform docket.<sup>1</sup> These are high-level grievances  
11 characterized by misstatements of fact for which ICC proposes no specific action by the  
12 Commission. Moreover, the issues raised by Mr. Lowe have already been addressed by  
13 the Commission on their merits after significant input from the QF community.

14 For its part, Staff continues to support the Commission’s existing cost-allocation  
15 policies with some recommendations for refined implementation. Staff rejects the position  
16 put forth by ICC and NewSun Energy, LLC (NewSun) that a QF’s interconnection-driven  
17 Network Upgrades should be presumed to provide quantifiable system-wide benefits to  
18 retail customers commensurate with their cost.<sup>2</sup> Staff also raises a new proposal sketching  
19 out a streamlined method for allocating some percentage of Network Upgrade costs to retail  
20 customers as a shortcut for determining “quantifiable system-wide benefits” created by QF

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<sup>1</sup> ICC/200, Lowe/7-9.

<sup>2</sup> Staff/200, Moore/8-9.

1 Network Upgrades.<sup>3</sup> The Joint Utilities presume this proposal is intended for potential  
2 discussion in Phase II of this docket, where it can be explored in more detail. Staff also  
3 reiterates its position that NRIS is the most practical interconnection service for identifying  
4 a QF's deliverability-driven Network Upgrade costs.

**B. ICC's Reply Testimony**

5 **Q. Please summarize ICC's Reply Testimony.**

6 A. In reply testimony, ICC witness Mr. Lowe largely repeats conclusory statements from his  
7 response testimony about the fairness of the Commission's current QF interconnection  
8 cost-allocation policies, but also raises some grievances about PacifiCorp's interconnection  
9 queue reform effort.<sup>4</sup>

10 **Q. What are Mr. Lowe's complaints about PacifiCorp's interconnection queue reform?**

11 A. Mr. Lowe argues that PacifiCorp's interconnection queue reform is designed for "larger,  
12 well-financed independent power producers" and that the Cluster Study process makes it  
13 harder for "smaller, less sophisticated" QFs to develop projects.<sup>5</sup> Specifically, Mr. Lowe  
14 argues that PacifiCorp's queue reform increases the chances that small QFs will be unable  
15 to build their projects because it provides QFs with a shorter period of time to pay deposits  
16 and study costs.<sup>6</sup>

17 **Q. Has the Commission already addressed QF concerns about PacifiCorp's queue**  
18 **reform?**

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<sup>3</sup> Staff/200, Moore/11.

<sup>4</sup> ICC/200, Lowe/7-9. The Joint Utilities' testimony responding to Mr. Lowe's comments on PacifiCorp's interconnection queue reform are sponsored only by PacifiCorp's witnesses, Mr. Vail and Mr. Bremer.

<sup>5</sup> ICC/200, Lowe/8.

<sup>6</sup> ICC/200, Lowe/8.

1 A. Yes. PacifiCorp’s interconnection queue reform process was extensively reviewed by the  
2 Commission in docket UM 2108 and approved with some modifications to, among other  
3 things, accommodate QF concerns.<sup>7</sup> During the course of the docket, the Commission  
4 entertained multiple sets of comments from QF parties, followed by three requests for  
5 rehearing from QF parties. All of these QF filings alleged that the FERC-approved process  
6 should be modified to accommodate the needs of Oregon QFs. The Commission  
7 entertained these comments and requests for rehearing over a period of months and Staff  
8 “spent considerable time” reviewing the QF parties’ complaints and legal arguments.<sup>8</sup> The  
9 Commission ultimately adopted PacifiCorp’s interconnection queue reform process with  
10 some modifications to address the QFs’ concerns, including modifications that address the  
11 very issues raised by Mr. Lowe: security deposits, withdrawal penalties, and study timing  
12 issues.<sup>9</sup> In short, Mr. Lowe’s argument is a thinly disguised effort to relitigate these issues.

13 **Q. How do you respond to Mr. Lowe’s complaints about the impact of high deposits on**  
14 **small QFs?**

15 A. The deposit requirements Mr. Lowe complains about apply only to large generators.<sup>10</sup>  
16 They do not apply to “smaller, less sophisticated” QFs.

17 **Q. How does Mr. Lowe try to connect these queue reform issues to the issues in the**  
18 **current docket?**

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<sup>7</sup> See In the Matter of PacifiCorp, dba Pacific Power, Application for an Order Approving Queue Reform Proposal, Docket UM 2108, Order No. 20-465 (Dec. 4, 2020).

<sup>8</sup> Order No. 20-465, App. A at 4.

<sup>9</sup> See, e.g., Order No. 20-465, App. A at 11-12; Order No. 20-268, App. A at 21-24 (Aug. 19, 2020).

<sup>10</sup> Order No. 20-465, App. A at 5.

1 A. Mr. Lowe’s complaints about PacifiCorp’s queue reform appear to be a restatement of  
2 ICC’s general position in this docket: that allocating the cost of a QF’s interconnection-  
3 driven Network Upgrades to the QF that caused them is unfair, and that the Commission  
4 should instead allocate those costs to utilities and their customers.<sup>11</sup> But there is nothing  
5 about PacifiCorp’s queue reform process that changes the fundamental problem with ICC’s  
6 proposed policy, which is that it would encourage inefficient siting of QF projects and force  
7 utility customers to foot the bill.<sup>12</sup>

8 **Q. Did Mr. Lowe raise any other issues?**

9 A. Mr. Lowe repeats the ICC’s view that the Commission’s existing cost-allocation policies  
10 are a barrier to QF development.<sup>13</sup> Mr. Lowe seems to generally support Staff’s proposal  
11 to address the issue of “quantifiable system-wide benefits” in a Phase II of this docket.<sup>14</sup>

12 **Q. How do you respond?**

13 A. The Joint Utilities have addressed Mr. Lowe’s assertions on these issues in their opening  
14 and reply testimony.<sup>15</sup> Like Mr. Lowe, the Joint Utilities anticipate addressing the  
15 Commission’s “quantifiable system-wide benefits” test in Phase II of this docket.

**C. Staff’s Reply Testimony**

16 **Q. What is your understanding of Staff’s position on cost-allocation for QF Network**  
17 **Upgrades?**

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<sup>11</sup> Staff has accurately observed that the Cluster Study process results in certain interconnection costs being shared among generators in a manner that does not occur with a serial queue process, but Staff does not suggest that this methodological difference changes the underlying drivers of the Commission’s PURPA cost-allocation policies.

<sup>12</sup> The pragmatic effect of inefficient project siting and the resulting increase in costs is evident; the Joint Utilities will address the legal infirmities of ICC’s proposals in legal briefing.

<sup>13</sup> ICC/200, Lowe/5.

<sup>14</sup> ICC/200, Lowe/4.

<sup>15</sup> The Joint Utilities will address the legal infirmities of ICC’s position in legal briefing.



1 A. In its first round of testimony, Staff expressed support for the principles underlying the  
2 Commission's current QF interconnection cost-allocation policies and proposed that the  
3 Commission take some additional steps to ensure these policies are being adequately  
4 implemented. Specifically, Staff suggested the Commission take additional steps to (1)  
5 ensure that avoided interconnection costs are adequately captured in the utilities' avoided-  
6 cost calculations,<sup>16</sup> and (2) address its "quantifiable system-wide benefits" test in Phase II  
7 of this docket.<sup>17</sup> In reply testimony, Staff continues to support these positions.<sup>18</sup> Staff also  
8 makes a new suggestion for a simplified method for addressing the "quantifiable system-  
9 wide benefits" issue, presumably intended for exploration in Phase II of this docket.<sup>19</sup>

10 **Q. Does Staff address NewSun's and ICC's positions on cost-allocation?**

11 A. Yes. Staff rejects NewSun's and ICC's assertion that the Commission should assume all  
12 QF-driven Network Upgrades provide system-wide benefits to retail customers that are  
13 commensurate with their costs.<sup>20</sup> Staff notes there is no evidence to support this point, and  
14 that, in fact, there is evidence to the contrary.<sup>21</sup> Staff also notes that, as a practical matter,  
15 QF-driven Network Upgrade costs "have the potential to exceed hundreds of millions of  
16 dollars," and that under the QFs' proposal, retail ratepayers would bear the substantial

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<sup>16</sup> Staff/100, Moore/35 (Staff recommends reviewing this issue in docket UM 2000).

<sup>17</sup> Staff/100, Moore/35.

<sup>18</sup> Staff/200, Moore/14.

<sup>19</sup> Staff/100, Moore/28, 35.

<sup>20</sup> Staff/200, Moore/8-9.

<sup>21</sup> Staff/200, Moore/9. Staff also notes that utility investments are evaluated on an "all-in" basis, that is, for both power and delivery costs, while QF purchases are not. This is a point the Joint Utilities have previously made. *See, e.g.*, Joint Utilities/300, Wilding-Macfarlane-Williams/37-38. Staff also correctly makes the point that QFs are not transmission system users from a cost-responsibility perspective and thus do not contribute to paying for Network Upgrade costs that are rolled into transmission rates. Staff/200, Moore/9.

1 majority of these costs.<sup>22</sup> Thus, according to Staff, adopting FERC’s bright-line approach  
2 “exposes ratepayers to unreasonable risk of cost shifting.”<sup>23</sup> Staff also disagrees with  
3 NewSun that Oregon is an outlier in the region with respect to its QF cost-allocation  
4 policies.<sup>24</sup>

5 **Q. Do you have anything to add to these points?**

6 A We share Staff’s concerns about these issues. In addition, the Joint Utilities’ regulatory  
7 policy witnesses have explained that, to the extent PURPA requires utility customers to  
8 remain indifferent to the purchase of QF power, making retail customers responsible for  
9 QF-driven Network Upgrades would be inconsistent with that requirement and could  
10 render retail rates unjust and unreasonable.<sup>25</sup>

11 **Q. Staff rejects ICC’s and NewSun’s view that the Commission should make utility**  
12 **customers presumptively responsible for QF interconnection costs, but what does**  
13 **Staff say about how the Commission *should* determine “quantifiable system-wide**  
14 **benefits”?**

15 A. Staff recognizes the complexity of the issue and suggests in its most recent round of  
16 testimony that the Commission should consider (presumably in Phase II) a simplified  
17 method for determining quantifiable system-wide benefits of Network Upgrades. Staff  
18 observes that this investigation is making it increasingly clear “(1) how difficult it is to  
19 quantify system-wide benefits of QF [Network] Upgrades, and (2) why other jurisdictions

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<sup>22</sup> Staff/200, Moore/9.

<sup>23</sup> Staff/200, Moore/9.

<sup>24</sup> Staff/200, Moore/10.

<sup>25</sup> See, e.g., Joint Utilities/200, Wilding-Macfarlane-Williams/11-13.

1 rely on standardized cost allocation policies.”<sup>26</sup> Staff is concerned that “assigning the  
2 burden of proof to Transmission Providers” to make this determination on a case-by-case  
3 basis “would result in even greater disputes, delays, and uncertainty” under PURPA.<sup>27</sup>

4 **Q. Do you agree?**

5 A. We agree that putting the burden of proof on the utility to demonstrate whether there are  
6 quantifiable system-wide benefits of a QF’s interconnection-driven Network Upgrades is  
7 not a workable solution. As we explained in our reply testimony, it is unclear how any  
8 party would quantify a specific financial benefit of a Network Upgrade or allocate financial  
9 benefits from a specific Network Upgrade to specific parties.<sup>28</sup> This is not an analysis that  
10 utilities are asked to make when deciding where and when to make transmission system  
11 investments, nor are we aware of any other jurisdictions that make assessments in this  
12 manner. We addressed the challenges and complexities associated with this idea in our  
13 previous testimony.<sup>29</sup>

14 **Q. Given these complexities, Staff suggests the Commission explore the idea of adopting**  
15 **a more standardized cost-allocation policy for “quantifiable system-wide benefits,”**  
16 **presumably in Phase II. What does Staff suggest?**

17 A. Staff suggests the Commission could “balance fairness with practicality” by adopting a  
18 two-step process under which the Commission (1) determines an avoided Network  
19 Upgrade cost per utility, for which ratepayers would be responsible, and (2) “[f]or any

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<sup>26</sup> Staff/200, Moore/10.

<sup>27</sup> Staff/200, Moore/11.

<sup>28</sup> See, e.g., Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/10.

<sup>29</sup> See, e.g., Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/10-24.

1 Network Upgrade costs above the utility’s avoided Network Upgrade costs in Step 1,  
2 hold[s] the QF responsible for 75 percent and the Transmission Provider for the remaining  
3 25 percent.”<sup>30</sup>

4 **Q. How do you respond?**

5 A. Staff’s proposed Step 1 appears to be the same proposal Staff made in previous testimony.  
6 The Joint Utilities have expressed their willingness to evaluate this issue—the issue of  
7 avoided Network Upgrade costs—in docket UM 2000.<sup>31</sup>

8 Staff’s Step 2 appears to be a new proposal for determining “quantifiable system-  
9 wide benefits” in a streamlined manner.<sup>32</sup> The Joint Utilities believe that their  
10 interpretation of the “quantifiable system-wide benefits” test is the most workable approach  
11 for such a test. The Joint Utilities have argued that the Commission could appropriately  
12 identify whether a particular Network Upgrade provides system-wide benefits that justify  
13 their inclusion in retail rates by determining whether the utility has identified through its  
14 existing processes that the construction of the Network Upgrade is necessary.<sup>33</sup>

15 By contrast, it is unclear how Staff reached its proposed cost-allocation split (75/25)  
16 or whether the methodology is supported by any meaningful evidence.<sup>34</sup> The Joint Utilities

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<sup>30</sup> Staff/200, Moore/11.

<sup>31</sup> See Joint Utilities/300, Wilding-Macfarlane-Williams/17.

<sup>32</sup> Staff previously proposed an SPP allocation methodology and a proposed method referred to as the “Cassia Formula.” The Joint Utilities have addressed inapplicability of these proposals in detail. See Joint Utilities/300, Wilding-Macfarlane-Williams/25-29.

<sup>33</sup> The Joint Utilities’ regulatory policy witnesses described this interpretation of the test and its policy justification, while the Joint Utilities’ transmission witnesses described the underlying analytical processes that support this interpretation. See Joint Utilities/300, Wilding-Macfarlane-Williams/19; Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/10-24.

<sup>34</sup> The Joint Utilities will also take the position in legal briefing that assigning QF Network Upgrade costs to retail customers is inconsistent with PURPA to the extent it requires those customers to pay more than avoided cost for QF purchases.

1 are willing to explore Staff’s proposal in Phase II, but continue to believe that the Joint  
2 Utilities’ version of the test provides a workable methodology that has the added benefit of  
3 being grounded in evidence that specific Network Upgrades actually provide benefits to  
4 retail customers.<sup>35</sup>

5 **Q. Do you have any other comments on this issue?**

6 A. Staff identifies “fairness” and “practicality” as the guiding principles for its proposed  
7 streamlined test for identifying quantifiable system-wide benefits. While we do not  
8 disagree with the importance of fairness and practicality, the Joint Utilities believe that  
9 these goals must be achieved within the permissible constraints of PURPA itself and must  
10 also be consistent with the Commission’s statutory obligations. The Joint Utilities will  
11 address the appropriate legal standards in legal briefing and/or in Phase II of this docket.

12 **Q. What is your recommendation for Issue I?**

13 A. The Commission should reaffirm its existing QF interconnection cost-allocation policy,  
14 which allocates the cost of QF Network Upgrades to QFs, while allowing a QF to be  
15 reimbursed for some portion of its Network Upgrades to the extent the QF demonstrates  
16 that the Network Upgrades provide “quantifiable system-wide benefits.”<sup>36</sup> The Joint  
17 Utilities recognize that the Commission has not provided any meaningful guidance on how  
18 the “quantifiable system-wide benefits test” should be interpreted or applied. We look  
19 forward to addressing this issue in more detail in Phase II.

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<sup>35</sup> See, e.g., Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/20-24.

<sup>36</sup> See In the Matter of Public Utility Commission of Oregon Investigation into Interconnection of PURPA Qualifying Facilities with Nameplate Capacity Larger than 20 Megawatts to a Public Utility’s Transmission or Distribution System, Docket UM 1401, Order No. 10-132 at 3 (Apr. 7, 2010).

**III. ISSUE II: NRIS IS THE ONLY APPROPRIATE INTERCONNECTION SERVICE FOR QFS**

1 **Q. Please describe ICC’s reply testimony on Issue II.**

2 A. ICC witness Mr. Lowe asserts that the Commission should allow QFs to request ERIS  
3 rather than NRIS.<sup>37</sup>

4 **Q. Do you agree?**

5 A. No. Mr. Lowe has not provided any justification for eliminating the Commission’s NRIS  
6 requirement. To the extent that interconnection is a barrier to QF development under the  
7 Commission’s current policies, as Mr. Lowe asserts, the barrier is actual deliverability  
8 constraints, not the Commission’s QF interconnection policies. Indeed, the Commission’s  
9 NRIS requirement is only an issue for a developer that chooses to site a QF project in a  
10 constrained area. As we have noted, when a QF has sited in an area *without* deliverability  
11 issues, NRIS and ERIS interconnection studies will yield similar or identical results.<sup>38</sup>

12 In short, the Commission’s NRIS interconnection requirement does not create  
13 deliverability issues or the costs associated with resolving them. The Commission’s NRIS  
14 policy simply ensures that when a QF forces a utility to purchase power in an area that  
15 triggers costs associated with deliverability, the costs associated with the QF’s siting choice  
16 are evaluated in a timely manner and assigned to the QF.

17 **Q. What else does Mr. Lowe say with respect to the NRIS issue?**

18 A. Mr. Lowe simply asserts that a QF should be permitted to select ERIS “to create space for

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<sup>37</sup> ICC/200, Lowe/6.

<sup>38</sup> See Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/33.

1 innovation and investment to occur.”<sup>39</sup>

2 **Q. How do you respond?**

3 A. The Joint Utilities have addressed the specific deficiencies in Mr. Lowe’s ERIS proposals  
4 in detail in their prior testimony.<sup>40</sup>

5 **Q. Please summarize Staff’s reply testimony on the issue of NRIS.**

6 A. Staff continues to assert that NRIS is the most practical and efficient method for identifying  
7 and allocating the costs of Network Upgrades required to deliver QF output to load on a  
8 firm basis.<sup>41</sup> But Staff also suggests that it would support allowing a QF to select NRIS or  
9 ERIS based on the QF’s “business objectives” “[t]o the extent that it’s allowed under  
10 PURPA’s mandatory purchase obligation,”<sup>42</sup> and is “more practical” than NRIS.<sup>43</sup> Staff  
11 suggests that this flexibility could potentially benefit ratepayers and QFs “*if* the QF  
12 selecting ERIS also enters into a non-standard contract, forgoes network resource status,  
13 and accepts curtailment provisions in exchange for fewer deliverability-driven [network]  
14 upgrades.”<sup>44</sup>

15 **Q. How do you respond?**

16 A. We would note that Staff does not actually dispute the Joint Utilities’ position that NRIS is  
17 the appropriate interconnection service to ensure firm deliverability of QF power under a

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<sup>39</sup> ICC/200, Lowe/6-7.

<sup>40</sup> *See, e.g.*, Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/28-35. To the extent Mr. Lowe is concerned with QFs’ ability to elect to be either a QF or a non-QF, a generator can elect either option. To the extent Mr. Lowe is requesting that information about ERIS costs be included in a QF interconnection study, that issue is more appropriately addressed in the Commission’s investigation into interconnection processes and policies, Docket UM 2111.

<sup>41</sup> *See, e.g.*, Staff/200, Moore/14.

<sup>42</sup> Staff/200, Moore/13.

<sup>43</sup> Staff/200, Moore/14.

<sup>44</sup> Staff/200, Moore/13.

1 must-take obligation. Staff’s hypothetical path forward for ERIS would require the  
2 Commission to assume that fundamental elements of PURPA are eliminated, including the  
3 must-take obligation, the standard contract, and the need to ensure deliverability to retail  
4 load using firm transmission service.<sup>45</sup>

5 **Q. Staff states that, as part of this process, a QF could decide to “forgo[] network  
6 resource status.”<sup>46</sup> Does forgoing network resource status eliminate deliverability  
7 constraints?**

8 A. No. Designated network resource (DNR) status neither causes nor solves for constraints.  
9 DNR status simply means the generator’s power can be delivered using *network*  
10 transmission service, a type of firm transmission service that is specifically designed to  
11 allow the utility to integrate, economically dispatch, and regulate its current and planned  
12 resources to serve load.<sup>47</sup> The alternative to using network transmission service to deliver  
13 QF power on a firm basis is using firm point-to-point transmission service. As we  
14 previously explained, using point-to-point instead of network transmission service does not  
15 solve deliverability problems.<sup>48</sup>

16 **Q. Does Staff assert that allowing QFs flexibility to select ERIS with various conditions  
17 is legally permissible?**

18 A. No. Staff simply raises it as a hypothetical in the event this path forward is both legal and  
19 “more practical” than NRIS.<sup>49</sup>

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<sup>45</sup> See Staff/200, Moore/13.

<sup>46</sup> Staff/200, Moore/13.

<sup>47</sup> Joint Utilities/100, Vail-Bremer-Foster-Larson-Ellsworth/30.

<sup>48</sup> Joint Utilities/400, Vail-Bremer-Foster-Larson-Ellsworth/31.

<sup>49</sup> See Staff/200, Moore/14.



1 **Q. Would this appear to be a reasonable approach for PURPA implementation?**

2 A. Staff’s hypothetical ERIS policy, even if legal, involves assuming away various  
3 fundamental PURPA obligations, and therefore would require the Commission to  
4 investigate and adopt new policies attempting to implement this approach. These would  
5 presumably involve investigating how to address complex timing and study issues related  
6 to the disconnect in timing between PPA negotiations and transmission service study  
7 requests, as well as addressing individualized negotiations around curtailment.<sup>50</sup>  
8 Implementation of such a policy is likely to be fraught with complexities, and, like efforts  
9 to provide individualized quantification and allocation of “system-wide benefits” of  
10 Network Upgrades, would likely result in “even greater disputes, delays, and uncertainty”  
11 under PURPA.

12 **Q. Staff does not endorse this ERIS approach unequivocally, but states that it is open to**  
13 **the approach if it is allowed under PURPA<sup>51</sup> and if it implements PURPA “in a more**  
14 **practical manner” than NRIS.<sup>52</sup> Does Staff’s ERIS approach implement PURPA in**  
15 **a more practical manner than NRIS?**

16 A. No. We will not address the legality of Staff’s proposal here, but in legal briefing.  
17 Assuming Staff’s proposal were theoretically reconcilable with PURPA, its

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<sup>50</sup> For example, including a conditional designated network resource provision in all power purchase agreements (PPA) might solve certain issues related to cost-shifting. *See In re Rulemaking to Address Procedures, Terms, and Conditions Associated with Qualifying Facility Standard Contracts*, Docket AR 631, Order No. 21-353, App. A at 7-9 (Oct. 26, 2021) (general discussion of the concept). While we are not experts on the commercial contracting process, we understand that this approach would prevent the PPA from being finalized until the transmission service request and any necessary studies are complete and could require Commission involvement depending on the outcome of the transmission service request.

<sup>51</sup> Staff/200, Moore/13.

<sup>52</sup> Staff/200, Moore/14.

1 implementation would be complicated, time-consuming, and ultimately impractical when  
2 compared to NRIS.

3 **Q. What is your conclusion about the proposals to allow a QF to select ERIS?**

4 A. The parties' proposed ERIS alternatives are riddled with implementation problems. The  
5 Joint Utilities continue to agree with Staff's assertion that NRIS is the most efficient way  
6 to identify deliverability limitations and the associated costs associated with a QF's chosen  
7 location in a timely manner.<sup>53</sup> Moreover, the Commission's NRIS policy is a fair, just, and  
8 reasonable policy consistent with PURPA and should be retained.

**IV. WITNESS QUALIFICATIONS**

9 **Q. Mr. Olennikov, please state your name, business address, and present position.**

10 A. My name is Andrey Olennikov. My business address is 121 SW Salmon Street, 3 World  
11 Trade Center, Mailstop 0503, Portland, OR 97204. I am presently the interim Manager of  
12 the Transmission Planning Department at PGE.

13 **Q. Please describe your educational background and professional experience.**

14 A. I hold a Bachelor of Science Degree in Electrical Engineering, and I am a licensed  
15 Professional Engineer in the state of Oregon. I have worked at PGE for 10 years. For the  
16 past four years, I have worked in the areas of transmission planning and operations. In my  
17 current role, my responsibilities include performing and verifying studies associated with

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<sup>53</sup> The Commission has stated that utilities are to give QFs timely information about the costs associated with the development of their project where possible. *See Blue Marmot V LLC et al. v. Portland General Electric Co.*, Docket UM 1829, Order No. 19-322 at 16 (Sept. 30, 2019) (“We generally consider it reasonable for electric companies to complete the due diligence process before sending final draft executable contracts for signature by QFs. A utility should review significant proposed QF delivery terms as early as possible, and ideally well before providing a final draft executable contract.”).

1 transmission service and generator interconnection requests, transfer limits, future  
2 transmission planning area needs, and compliance with state, North American Electric  
3 Reliability Corporation (NERC), and FERC requirements.

4 **Q. Do you adopt Mr. Larson's prior testimony in this matter as your own?**

5 A. Yes, I adopt Mr. Larson's Direct Testimony (Joint Utilities/100, Vail-Bremer-Foster-  
6 Larson-Ellsworth) filed on August 24, 2020 (Revised October 19, 2020) and Mr. Larson's  
7 Reply Testimony and Exhibit (Joint Utilities/400-401, Vail-Bremer-Foster-Larson-  
8 Ellsworth) filed on December 11, 2020.

9 **Q. Does this conclude the Joint Utilities' testimony?**

10 A. Yes.