

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2143**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON,

Investigation into Resource Adequacy in the  
State.

DOCKET NO. UM 2143

COMMENTS OF NORTHWEST &  
INTERMOUNTAIN POWER  
PRODUCERS COALITION ON  
STAFF’S UPDATED STRAW  
PROPOSAL

The Northwest & Intermountain Power Producers Coalition (“**NIPPC**”) appreciates this opportunity to provide comments on the Public Utility Commission of Oregon Staff’s Updated Straw Proposal circulated February 17, 2023 (hereafter, the “**Updated Straw Proposal**”) in this docket on the status of resource adequacy (“**RA**”) in the state of Oregon.

NIPPC continues to appreciate the time and effort Staff has devoted to the important topic of statewide resource adequacy. The Updated Straw Proposal provides important modifications that should lead towards a successful program and mitigates some of the concerns raised by NIPPC and other parties in the course of this proceeding. As set forth below, NIPPC supports many elements of the new proposal, and recommends some additional modifications and clarifications to ensure the program is workable for all industry participants.

- 1. NIPPC supports the proposal to require a two-year binding capacity forward showing for non-WRAP members for generation and to require submission of a binding WRAP forward showing for WRAP participants.**

NIPPC appreciates the modifications made in the Updated Straw Proposal to align the binding forward capacity showing for WRAP participants to the requirements of the WRAP program, and reduce the binding showing for non-WRAP participants from a three-year forward showing to a two-year forward showing. For WRAP participants, the requirements of the WRAP program are sufficient to maintain sufficient resource adequacy in the state, and requiring binding showings for longer durations than required by the WRAP program will drive up costs for all participants without a concomitant benefit. This is particularly true with respect to

Electricity Service Suppliers (“ESSs”), and requiring a binding showing for years beyond the WRAP requirement for WRAP participants could have the perverse effect of driving participants from the program, limiting contributions to resource adequacy.

At the same time, NIPPC does not oppose a somewhat longer binding showing for non-WRAP participants, and prefers the revised proposal for a 2-year binding forward showing requirement for non-WRAP participants, rather than the 3-year requirement previously proposed. Requiring a longer-term binding showing for non-WRAP parties will provide a strong incentive for all parties to participate in the WRAP program, while still leaving a more reasonable period for which a binding showing is necessary. As addressed below, NIPPC also encourages the Commission to allow such parties the opportunity to purchase available RA capacity from utilities pursuant to a capacity backstop charge in lieu of the two-year forward showing.

NIPPC is not opposed in principle to the Oregon rules evolving over time to require participation in WRAP, but NIPPC suggests that it may be premature to compel participation in WRAP, given that the program has not yet had a full season or year of the non-binding phase implemented, let alone the binding phase when participants will be subject to deficiency penalties. NIPPC is encouraged by the wide industry sign-up to participate in WRAP to date and is hopeful that the program will achieve its intended goals of ensuring resource adequacy and eliminating double counting of capacity within its footprint.

## **2. NIPPC supports Staff’s Informational Plan Proposal for ESSs.**

In addition to binding capacity showings, the Updated Straw Proposal includes a requirement for a 4-year informational forward showing of capacity resource plans for both IOUs and ESSs. With respect to the ESS requirements, the Updated Straw Proposal specifies that ESSs will file a 4-year resource plan modeled off the IRP for acknowledgement, preferably as part of the forward-looking clean energy reporting required for ESSs in HB 2021. Recognizing the difficulty for ESSs to project load size in future years, the Staff Proposal indicates that ESSs may base their resource plans on current load levels, or updated load levels based on reasonable assumptions.

NIPPC supports this proposal in concept and looks forward to working with the Commission and interested parties to craft a form of resource plan requirement that provides useful

information to the Commission, while maintaining business confidentialities and avoiding the need for burdensome requirements beyond that necessary to meet the Commission's informational needs.

**3. NIPPC does not support adoption of the current WRAP forward-showing transmission requirements for the second year of the binding showing for non-WRAP participants.**

NIPPC urges the Commission to reconsider requiring the current WRAP forward-showing transmission requirements of WRAP for the second year of a binding showing for non-WRAP participants. NIPPC anticipates the possibility of commercial challenges in procuring sufficient transmission seven months in advance of the showing deadline, let alone nineteen months in advance, especially given the constraints on exceptions that load responsible entities (LREs) may receive under WRAP. This program design will be tested soon, and at that point LREs and the Commission will have better information about this aspect of implementation of the WRAP. At this stage, the Commission should not double down on an overall (in NIPPC's view) problematic transmission framework but should instead closely monitor this aspect of the WRAP itself, including ensuring utilities subject to the Commission's regulations make excess transmission capacity available to third parties for the durations needed. As with the case of binding showings for capacity, NIPPC does not oppose a reasonable additional binding showing requirement for non-WRAP participants, but is concerned that the mechanism proposed, even with the exceptions and waivers contemplated by the WRAP tariff, remains insufficient.

**4. The Commission should reconsider alternatives to the WRAP, including allowing parties to purchase RA from utilities pursuant to a regulated backstop charge.**

NIPPC fully supports wide – if not universal – participation in the WRAP program as the best method for ensuring regional resource adequacy. At the same time, there may be circumstances in which WRAP participation may not be feasible for a given entity, and believes the Commission should allow for meaningful alternatives.

In particular, NIPPC recommends that the Commission allow for *both* (i) the market purchase of RA products by ESSs (or their customers) from third parties (including regulated utilities) through bilateral contracts and (ii) the purchase of RA products by ESSs (or their customers) from regulated utilities based on a Commission-established RA backstop charge.

Simply stated, for the second option, a Commission-established RA backstop charge is necessary and appropriate to ensure that an ESS has the ability to acquire RA capacity at a just and reasonable price, especially to the extent that a utility has “uncommitted supply” as recently proposed in Docket AR 651.<sup>5</sup> Absent a backstop charge, regulated utilities would have no incentive to offer RA capacity to competitors.

**5. The Commission should not impose duplicate or excessive fines and penalties.**

NIPPC understands the Commission’s needs to ensure parties comply with RA requirements. In general, the deficiency penalties in the WRAP program itself are structured so as to strongly dissuade a failure to comply. The Commission should avoid, except in extraordinary circumstances (such as gross negligence), imposing additional compliance penalties on WRAP participants that are already subject to enforcement provisions pursuant to the WRAP program.

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NIPPC looks forward to continued engagement in this proceeding with respect to the Staff and Commission’s consideration of future state requirements.

Respectfully submitted this 13th day of March, 2023.



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Carl Fink (OSB # 980262)  
Suite 200  
628 SW Chestnut Street  
Portland, OR 97219  
Telephone: (971)266.8940  
CMFINK@Blueplanetlaw.com  
One of Counsel for Northwest and  
Intermountain Power Producers Coalition

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<sup>5</sup> See *Dockets AR 651 and UM 2024, Notice of Proposed Rulemaking Including Statement Need & Fiscal Impact filed with Secretary of State on 2/24/23*, proposed definition for Direct Access Regulation 42: "**Uncommitted Supply**" is generation reasonably available to the electric company in the market or through the electric company's own resources. Uncommitted Supply excludes any generation needed to meet the electric company's firm load service obligations, anticipated near-term load obligations, contractual obligations, and federal reliability standards.¶.