

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2143

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into Resource Adequacy in
Oregon.

Initial Comments of
Renewable Northwest

Nov. 18, 2021

I. INTRODUCTION

Renewable Northwest thanks the Oregon Public Utility Commission (“the Commission” or “PUC”) and the OPUC Staff (“Staff”) for the opportunity to provide initial comments on Staff’s Process Proposal and Resource Adequacy Solution Straw Proposal. In these comments, we first provide a background of the docket and its origins, express our continued support for some elements of Staff’s proposal and highlight the key areas which need refinement reflecting on previous proposals shared by stakeholders in discussions and Staff workshops.

II. BACKGROUND

Under ORS 756.040(2), the Commission has the broad “power and jurisdiction to supervise and regulate every public utility and telecommunications utility in this state, and to do all things necessary and convenient in the exercise of such power and jurisdiction.” ORS 756.515(1) further gives the Commission authority to open an investigation into any matter relating to public utilities. Following conversations across a number of Commission dockets including UM - 2024 (“Investigation into Direct Access”), the Commission issued Order No. 21-014, opening an investigation into resource adequacy in Oregon.

Prior to the November 16, 2020 Oregon PUC (OPUC) workshop on Resource Adequacy (RA), Renewable Northwest (RNW) along with NW Energy Coalition (NWEC) and Oregon Solar + Storage Industries Association (OSSIA) submitted joint comments to stakeholders, previously submitted to the Northwest Power Pool’s (NWPP) regional RA program Steering Committee on the conceptual design of the program. In our comments and in the Oregon PUC workshop, we

stated that any state-level RA program developed in Oregon should primarily include all load-serving entities (LSE) including electricity service suppliers (ESS) to ensure that all capacity resources are identified and included to provide a holistic view of the any potential needs in the state. Additionally, we also stated that a state-level RA program should be aligned with the regional program that was being developed, but also ensure that all capacity resources are transparently and fairly assessed including but not limited to renewables, standalone storage, hybrid and demand response resources.

RNW and OSSIA then submitted, on December 22, 2020, a joint proposal¹ to the Commission staff that addressed in further detail the primary components of a robust state-level process to initiate further discussions and review. In our comments, we mentioned that “[t]he Commission should initiate a robust stakeholder process to understand and analyze the capacity needs in OR, utility procurement efforts, and put forward a framework to align a potential state-level RA compliance mechanism with NWPP’s regional RA program”, now the Western Resource Adequacy Program (WRAP). With WRAP now solidifying various key elements of the program design and moving onto the implementation phase which includes collecting load and resource data from load-serving entities in the region, now is the opportune time to develop a state-level solution that is aligned with the regional program but also has components which allow state regulators to gain insights about the capacity situation in their respective states. In addition, we also recommended that the OPUC establish in docket UM 2143 a robust stakeholder process to understand the interlinkages between the effort in this docket and other dockets like UM 2011 which should be addressed and reconciled to avoid duplication of efforts.

On January 12, 2021, the Commission opened Docket No. UM 2143 with three goals proposed by Staff: [i]dentify first the need and potential urgency for the Commission to act. Second, the areas where a state-level program can fill gaps, ensure reliability, and work cohesively with regional efforts. Finally, to identify the appropriate complexity and level of structure necessary to address areas of RA concern. On August 13, 2021, Staff conducted a level-setting workshop which included a presentation on the status of the Northwest Power Pool’s (NWPP) regional RA program and an opportunity for Docket No. UM 2143 participants to present straw proposals for an Oregon-specific RA solution. Our comments below provide insights gained through participation in the Stakeholder Advisory Committee (“SAC”) of the WRAP, review of the WRAP’s Phase 2B detailed design and Staff’s Process and Straw Proposal (“Straw Proposal”)

¹ Renewable Northwest and Oregon Solar + Storage Industries Association - Joint Proposal on Resource Adequacy. https://drive.google.com/file/d/1FDvk5ovkNj1fNd19sJqbm5aP5enb3E_D/view?usp=sharing

III. COMMENTS

Renewable Northwest has structured these comments around the components of the Straw Proposal presented by Staff in the stakeholder workshop held on Oct. 27. We believe that this proposal is an important first step towards a state-level solution to ensure resource adequacy in Oregon. Our comments below provide some insights which may be helpful to ensure that the interim program and eventual long-term RA solution is implemented in a fair and transparent manner.

1. Renewable Northwest supports the phased approach in the docket beginning with an informational filing.

Renewable Northwest supports Staff's belief "[t]hat gathering data about the RA landscape before opening a rulemaking is the most efficient, transparent, and flexible next step." As mentioned in our prior comments to the staff, understanding the resource adequacy landscape for all load-serving entities in Oregon from the lens of load-resource balance would afford the opportunity to tailor a solution to the need instead of a prescriptive approach from the beginning before all facts emerge. The current status of RA and the potential gaps which emerge from the informational filing can then inform whether Oregon requires a long-term RA solution that is formulated in a formal rulemaking by the PUC or an interim solution. The informational filing from all load-serving entities in Oregon also provides the Commission and stakeholders the opportunity to understand and review the varying methodologies used to calculate load forecasts, resource capacity contributions and reliability metrics which could eventually inform a more uniform approach in the future. On analyzing the informational filing, if there exists an urgent need to explore a state-level solution, RNW supports opening a rulemaking to refine the Staff's proposed Long-term Solution.

2. The components of the "Information Filing" need to be refined to ensure transparency and consistency across load-serving entities in Oregon.

The Phase - 1 or "Informational Filing" would include all Load-Responsible Entities (or LREs) to file an RA showing that includes a load/resource balance forecast for the subsequent five years (2022-2027). In addition, they would also indicate their decision on whether to participate in the NWPP non-binding program before or as a part of this filing. As we understand it, Staff would then identify the state Non-coincident Peak and Coincident Peak and identify potential capacity shortfalls both within the LREs planning and at a state-wide level. It is also important to note here that the data collection process for Phase 3A of the WRAP has already begun with LREs submitting data related to load forecasted, resources, contracts et al. to the program operator.

In this context, while it is important to ensure a level of consistency in methodologies and data transparency that provides a clear picture of the capacity needs in the specified timeframe among all LREs including ESSs, we also recognize the tight timeline under which such methodological changes may be difficult to undertake. Also, since each utility uses different load forecasting, capacity contribution and reliability methodology and metric, it may be difficult initially to ascertain the level of capacity needed across entities. With that said, since the eventual goal of the Western Resource Adequacy Program (in which all IOUs in Oregon have actively participated), there is a strong argument in favor of harmonizing the current practices in utility planning to the WRAP, an opportunity that this docket provides.

The WRAP Phase 2B is currently designed to identify the capacity needed to meet a loss of load expectation (LOLE) objective of one event in 10 years where capacity is expected to be inadequate to meet load plus contingency reserves (CR). As per the program design, an event could technically be a single hour or multiple hours in a day; hours of loss of load in a single day, whether consecutive or nonconsecutive, will constitute a single event. Portland General Electric currently uses the LOLE metric of no more than 2.4 hours per year, or 1 day in 10 years. PacifiCorp on the other hand, utilizes a 13% Planning Reserve Margin (PRM) target during coincident summer and winter seasons to calculate their obligations based on their load-resource balance. Idaho Power, in their ongoing 2021 IRP effort have stated that based on recent adequacy events across the West, they are tuning their system to meet a LOLE of 1 day in 20 years, a more stringent threshold compared to other utilities. Thus, there may be a need to provide necessary guidance and context while analyzing the output to ensure that the capacity need numbers coming out of the informational filing are consistent across LSEs.

There is also a difference in how storage resources are characterized in WRAP compared to current utility planning efforts. The WRAP design currently assigns energy storage resources based on a simplified Installed Capacity (“ICAP”) Qualified Capacity Contribution (“QCC”) value based on a 5-hour duration requirement. In previous SAC meetings as well as in the Phase 2B detailed design, NWPP recognized that this method is an approximation which would be enhanced in the future as storage penetration increases across the RA program footprint with a more detailed ELCC methodology for energy storage resources². Thus, providing flexibility to utilities that are already calculating Marginal ELCC (or a comparable method) for energy storage and hybrid resources is necessary to avoid undervaluing storage resources in cases when the

² Section 2.5 Qualified Capacity Contribution of Resources. 4 - Energy Storage Resources.
https://www.nwpp.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf

more granular ELCC shows a higher capacity value than the ICAP method which is based on a 5-hour duration requirement that NWPP calculated based on a regional capacity analysis.

3. A clear framework on what levels of capacity necessitate “urgent, binding action to ensure near-term RA in the state”.

Staff’s Proposal mentions that “if the informational filings reveal the need for urgent, binding action to ensure near-term RA in the state, Staff will recommend that the Commission open a rulemaking to adopt an RA standard and program equivalent to the NWPP standard, as an interim measure, with compliance demonstrated through seasonal forward showing filings that are acknowledged by the Commission.” Keeping this in mind, there can be several variations to the definition of what a “need for urgent, binding action” can mean in the context of IOUs and ESSs in Oregon. Thus, it would be helpful if Staff could set a threshold depending on the most updated calculation of need based on reliability metric specified in the Proposal i.e. Loss of Load Expectation of 1 event in 10 years, as to what necessitates that “urgent, binding action.” In that context, we support Staff’s suggestion to release supplemental information and discuss the details in a workshop setting to understand the implications of the initial informational filing.

4. The long-term RA solution should be aligned with the Western Resource Adequacy Program but should include transparency as a guiding principle

The Western Resource Adequacy Program is currently under development with completion of the primary design phase of the program development and is gearing up to implement the first stage of its program in which program participants will commit to meeting a common resource adequacy planning standard. The first stage of the program starting next winter in 2022-23 will be “non-binding” meaning there will be no penalties if participants do not meet their adequacy obligations and does not yet include the operational component of the program which will allow participants to pool and share resources during tight grid operating conditions. The next phase of the project will include evolving the NWPP’s corporate structure to house an independent board so the NWPP can serve as the administrator of the program and filing with the Federal Energy Regulatory Commission (FERC) slated for March/April 2022. The latter stages of the program will layer on additional requirements and functionality and evaluate further design changes that may be needed. The full program with both binding forward showing and operational components is expected to be operational in 2024.

Given the development of the program and participation expected from both investor-owned utilities in Oregon, it is crucial for the Commission to ensure that if the long-term solution involves utilities and ESSs complying with the WRAP, the governance structure of the WRAP

reflects the values of state regulators and commissions, including fair treatment of resources and transparency in data sharing and access among stakeholders. There are also open questions on transmission, deliverability and interaction between WRAP and regional market efforts such as Energy Imbalance Market (EIM) and Extended Day-Ahead Market (EDAM). The Commission should work with the NWPP Steering Committee to ensure that data access on key metrics such as load forecasts, resource capacity contribution, transmission and deliverability constraints, forced outages et al. are publicly available in addition to access to the Commission with appropriate guardrails to protect confidentiality.

IV. CONCLUSION

Renewable Northwest again thanks the Commission for this opportunity to comment regarding resource attributes that contribute to capacity needs. We look forward to continued participation in this investigation.

Filed this 18th day of November, 2021,

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