



RICHARDSON ADAMS, PLLC
ATTORNEYS AT LAW

richardsonadams.com
Tel: 208-938-7900 Fax: 208-938-7904
P.O. Box 7218 Boise, ID 83707 - 515 N. 27th St. Boise, ID 83702

April 15, 2020

Via Electronic Filing

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

RE: UE 358 – Calpine Energy Solutions, LLC’s Objection to Portland General Electric Company’s Supplemental Filing of Advice No. 20-06, Revisions to Rule C on Emergency Curtailment & Updating the Short-Term Emergency Curtailment Plan (Regular Agenda Item 3)

Dear Commissioners:

This comment letter is submitted on behalf of Calpine Energy Solutions, LLC (“Calpine Solutions”) in opposition to Portland General Electric Company’s (“PGE”) proposal, in its Supplemental Advice 20-06, to convert the New Load Direct Access Program (“NLDA”) into an interruptible service program. Specifically, for the reasons explained below, Calpine Solutions requests that the Public Utility Commission of Oregon (“Commission”) deny PGE’s proposed NLDA Curtailment Process. The NLDA Curtailment Process, which is set forth in proposed revisions to Schedule 689, would unjustifiably categorize all NLDA loads as “non-firm” or “interruptible” loads and thus prioritize curtailing NLDA customers as a block under PGE’s Rule C before all other customers. These block curtailments would unreasonably occur without regard to performance of the NLDA customer’s electricity service supplier (“ESS”) during Energy Emergency Alert (“EEA”) 2 and 3 events. Aside from objecting to the NLDA Curtailment Process, Calpine Solutions does not object to the other components of PGE’s proposed updates to its Rule C intended to reflect applicable regional reliability standards.

OBJECTION

The Commission should reject the NLDA Curtailment Process. Under PGE’s proposed NLDA Curtailment Process, PGE would curtail all NLDA customers before all other customers in PGE’s balancing authority during EEA 2 or 3 events without regard to whether an ESS’s supply of energy to its NLDA customers is inadequate at the time of the event. PGE accurately describes its proposal as a proposal to turn the entire NLDA program into a mandatory interruptible service schedule. PGE’s proposal contradicts the direction provided in the Commission’s Order No. 02-002 for the NLDA program. Calpine Solutions supports reasonable

reliability requirements and looks forward to ongoing discussions of resource adequacy in Docket No. UM 2024, but far-ranging policy decisions – such as that proposed through PGE's NLDA Curtailment Process – should be made only after all the facts are in the record, not through summarily proposed advice letters.

A. The Commission Largely Rejected PGE's Resource Adequacy Arguments in Favor of Resolving Resource Adequacy in Docket No. UM 2024

In Order No. 20-002, the Commission rejected PGE's proposed Resource Adequacy charge (referred to as the "RAD") after concluding that PGE had failed to demonstrate that NLDA loads would create an imminent resource adequacy problem for PGE in the near term before the issue can be more fully evaluated in UM 2024. Among other findings, the Commission found PGE's resource adequacy arguments were "not supported on the record" and did "not define reliability and RA needs in a granular, objective way."¹ "The only explicit scenario PGE . . . presented to justify the RAD [wa]s a very narrow one – an instance where an ESS fails to perform, and no power is available, at any price, in the market for PGE to supply customers with emergency Service[,]" but "this could only occur where there are dramatic regional shortages of power" – a circumstance that even PGE did not assert would exist in the near term.² The Commission also rejected PGE's assertion that ESSs provide no resource adequacy at this time, instead finding "[p]arties have put forward credible evidence that the contracts backing ESS supply may in some way support regional RA."³

The Commission further noted that the NLDA program already calls for NLDA customers to pay 20 percent of PGE's fixed generation costs for five years in order to account for potential risks of the new program, such as resource adequacy.⁴ Additionally, "despite urgent language in filings and testimony, PGE's proposal was not to immediately procure capacity, but rather to set the RAD at zero, procure capacity resources on the timeline set out in its IRP (which currently calls for bilateral procurement from existing resources and then an RFP for new capacity resources in 2023), and then set charges through a general rate case."⁵ Thus, the Commission rationally found that the issue could be resolved in the ongoing UM 2024 proceeding just as quickly as PGE's RAD proposal would have allowed.

The Commission also stated that PGE could propose an interim revision to its curtailment protocols to address circumstances where ESSs fail to deliver to NLDA loads. Specifically, the Commission stated as follows:

In addition, we encourage PGE to consider revising its curtailment protocol for NLDA customers to ensure that, *if ESSs serving NLDA customers fail to perform in instances outlined by PGE, their customers can be curtailed and do not cause cost shifts to cost-of-service customers while we consider a more*

¹ Order No. 20-002 at 10.
² Order No. 20-002 at 10-11.
³ Order No. 20-002 at 11.
⁴ Order No. 20-002 at 11.
⁵ Order No. 20-002 at 11-12.

comprehensive RA standard. We do not conclude, based on this record, that a curtailment mechanism can fully address PGE's legitimate concerns about the reliability contribution of NLDA customers, particularly given that PGE may not have visibility to ESS performance in the time frame in which curtailment would support system reliability. However, there may be steps PGE can take to use a modified curtailment protocol to mitigate reliability concerns with NLDA customer growth while developing a more comprehensive RA program.⁶

As the emphasized language states, any such curtailment protocol must be causally related to the ESS's failure to deliver to its NLDA load.

Furthermore, to the extent that PGE's resource adequacy arguments related to scheduling deviations, as opposed to an ESS's material failure to deliver energy for its loads, the Commission encouraged PGE to address such imbalances through its open access transmission tariff with the Federal Energy Regulatory Commission ("FERC").⁷

Notably, the Commission expressed "a strong preference for solutions that give direct access customers the opportunity to choose how they support RA, whether that be through the utility, third parties, demand response, customer-sited resources, curtailment, or a combination."⁸ Thus, the Commission sought to allow NLDA customers to have control over their supply of power, not to subject them to arbitrary and unpredictable interruptions that have nothing to do with the adequacy of the supply of power provided by their ESS.

B. The Commission Should Reject PGE's Supplemental Advice Filing as Unjust, Unreasonable, and Inconsistent with Order No. 20-002

In light of the Commission's findings and directives quoted above, PGE's proposal for the NLDA Curtailment Policy misconstrues the Order No. 20-002 in multiple ways and should be rejected.

First, the starting premise of PGE's proposed NLDA Curtailment Process is the incorrect assertion that "Order No. 20-002 recognized that currently customers on Direct Access are not contributing to Resource Adequacy the same as Cost of Service Customers."⁹ The order contains no such finding. Nor would the record have supported such a finding because the evidence demonstrated that PGE and PacifiCorp have long used liquidated damages contracts to reliably serve increments of load at least as significant as Oregon's entire direct access load.¹⁰ Indeed, as quoted above, the order found credible evidence that direct access customers were supporting resource adequacy through the same type of liquidated damages contracts.

Second, PGE's Supplemental Advice No. 20-06 misconstrues the order by proposing to

⁶ Order No. 20-002 at 12 (emphasis added).

⁷ Order No. 20-002 at 13.

⁸ Order No. 20-002 at 9.

⁹ PGE's Supplemental Advice no. 20-06 at p. 2.

¹⁰ See, e.g., *Calpine Solutions' Opening Brief*, Docket No. UE 358, at pp. 11-12 (Nov. 14, 2019).

curtail NLDA loads without regard to whether their ESS fails to deliver. As noted above, the order encouraged curtailment “*if ESSs serving NLDA customers fail to perform.*”¹¹ Thus, PGE’s interpretation of Order No. 20-002 – that the NLDA program should be an “interruptible schedule”¹² regardless of the ESS’s performance – is wrong. Under PGE’s proposal, the NLDA customer could be curtailed solely due to PGE’s own supply failures and even if the NLDA customer’s ESS is fully supplying energy to PGE for the NLDA customer’s use. Indeed, the two instances of an EEA events identified by PGE in the last 10 years appear to both have been events where PGE’s own supply failures caused the EEA event – not a failure by an ESS to supply energy to PGE’s system.¹³ Worse still, PGE’s proposal would not even compensate the NLDA customer for the energy its ESS delivers to PGE for the NLDA customer’s use during the EEA event.¹⁴ Instead, PGE would take that energy without payment to serve other customers while the NLDA customer gets curtailed.

PGE appears to justify its proposal on the assertion that PGE has no visibility as to an ESS’s real-time deliveries that would allow it to implement a performance-based curtailment protocol.¹⁵ PGE’s assertion on this point is difficult to understand because ESSs’ deliveries are pre-scheduled and eTagged to PGE in accordance with PGE and FERC guidelines for the purpose of providing PGE with visibility as to the amount power being delivered to PGE so that PGE can manage its balancing area’s frequency. In any event, the Commission’s order appears to have assumed there may be ways PGE could develop such visibility as to the sufficiency of ESSs’ deliveries to serve NLDA load, and PGE makes no assertion that it lacks the ability to develop such visibility to support implementation of a performance-based curtailment protocol.

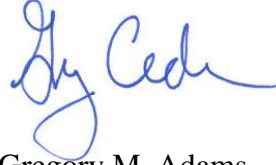
In sum, PGE’s proposal to turn the NLDA program into an interruptible service schedule is unreasonable, unsupported, unnecessary, and inconsistent with the Commission’s order on the subject. Therefore, the Commission should reject PGE’s proposal and allow parties to more fully explore this and other subjects in Docket No. UM 2024.

CONCLUSION

In closing, Calpine Solutions reiterates its support for reasonable resource adequacy policies and looks forward to having the resource adequacy issue being fully addressed in Docket No. UM 2024. However, Calpine Solutions cannot support PGE’s proposal to turn the NLDA program into an interruptible program. Notably, Oregon’s other major electric utility, PacifiCorp, has made no such proposal for its NLDA program pending the completion of UM 2024. For the reasons stated above, Calpine Solutions requests that the Commission deny PGE’s proposed NLDA Curtailment Process.

¹¹ Order No. 20-002 at 12.
¹² PGE/100, Frost-O’Brien/13:18-21.
¹³ PGE/100, Frost-O’Brien/12.
¹⁴ PGE/100, Frost-O’Brien/11:3-14.
¹⁵ PGE/100, Frost-Obrien/11:15-22.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Adams", with a large, stylized initial "G" and "A".

Gregory M. Adams
Attorney for Calpine Energy Solutions, LLC