

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1854

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application to Lower the Standard Price
and Standard Contract Eligibility Cap for
Solar Qualifying Facilities.

RESPONSE OF RENEWABLE
NORTHWEST TO PORTLAND
GENERAL ELECTRIC'S MOTION
FOR INTERIM RELIEF

I. INTRODUCTION

Renewable Northwest opposes the Motion for Interim Relief (“Motion”) that Portland General Electric (“PGE” or “Company”) filed in this docket on June 30, 2017. In its Motion, PGE requests temporary relief while the Oregon Public Utility Commission (“Commission”) considers the Company’s application for the same relief on a permanent basis (“Application”). In both its Motion and Application, PGE requests that the Commission (1) reduce the eligibility cap for solar Qualifying Facilities (“QFs”) seeking standard avoided cost rates (“standard rates”) from 10 megawatts (“MW”) to 3 MW, *and* (2) limit the eligibility of a solar QF with capacity above 100 kilowatts (“kW”) for standard rates and contracts if any owner of the QF has requested or obtained standard prices from PGE for more than 10 MW of aggregate solar QF capacity.¹ Alternatively, PGE requests that the Commission reduce the eligibility cap applicable to solar QFs seeking PGE’s standard rates from 10 MW to 2 MW. PGE does not demonstrate that its circumstances warrant the Commission granting the drastic relief that PGE requests. As a result, Renewable Northwest respectfully requests that the Commission deny PGE’s Motion.

¹ PGE’s Motion for Interim Relief at 1.

II. RESPONSE

PGE's motion attempts to show that the Company's circumstances justify the relief it requests on an interim basis, but the Company does not present persuasive evidence to support that proposition. For example, the Company does not present persuasive evidence of the potential "substantial and irreparable" harm that would warrant the Commission granting the relief PGE requests. Similarly, PGE argues that the relief it requests is consistent with Commission precedent, appearing to rely on a comparison of its circumstances to PacifiCorp's and Idaho Power Company's ("Idaho Power") circumstances when the Commission granted those utilities interim relief in Dockets UM 1734 and UM 1725. However, PGE does not present persuasive evidence to support that proposition. For those reasons, PGE's Motion does not establish that its circumstances warrant the drastic relief that the Company requests.

A. PGE has failed to demonstrate that its customers would be substantially and irreparably harmed if the Commission were to deny the relief PGE requests.

PGE argues in favor of its requested relief based in part on the alleged potential for substantial and irreparable harm to its customers,² but does not provide persuasive evidence that such harm would occur. PGE appears to support its claim of potential harm to its customers by comparing current standard rates to a forward market price curve.³ However, comparing standard rates to market rates does not support PGE's assertions.

A comparison of standard rates to market rates does not support PGE's claims of harm to its customers because market rates do not reflect PGE's actual avoided costs. After years of careful consideration, this Commission adopted methodologies to establish standard rates that

² *Id.* at 3, 7.

³ *Id.*

aim to closely, and conservatively, estimate utilities' actual avoided costs. For example, under the Commission's current methodology, standard rates reflect the cost of the next avoidable resource that the utility plans to procure.⁴ Meanwhile, PGE's comparison of standard rates appears to rely on the assumption that its avoided costs are solely market prices or that QFs negotiating a Schedule 202 contract with PGE would only receive market prices. However, market prices are the floor for negotiated QF rates and are unlikely to offer an accurate representation of the rates that a QF is likely to negotiate in a Schedule 202 contract.⁵ Hence, a comparison of standard rates to market rates does not support PGE's assertion that its requested relief would prevent substantial harm to its customers.

Unlike a comparison of standard rates to market rates, a comparison of standard rates to rates with existing Schedule 202 contracts would likely be more helpful in understanding whether PGE's assertions are accurate. To inform this reply, Renewable Northwest asked PGE to compare its current standard rates to the average price in Schedule 202 contracts for the same year.⁶ However, PGE stated in its response that it was not possible to perform such a comparison because it has only entered into one Schedule 202 contract.⁷

Finally, PGE fails to support the magnitude of the asserted harm because the figures that PGE offers in its motion rely on the assumption that 100% of PPAs requested and executed would lead to operational projects. However, PGE offers no evidence to support that assertion or to support any particular success rate for QFs that have requested PPAs from, or executed PPAs with, PGE. In fact, evidence available in other proceedings suggests that the rate may be much

⁴ See Re Staff's Investigation Relating to Electric Utility Purchases from Qualifying Facilities, Docket No. UM 1129, Order No. 05-584 at 26-27 (May 13, 2005).

⁵ See Re Staff Investigation Into Qualifying Facility Contracting and Pricing, Docket No. UM 1610, Order No. 16-337 at 6 (Sep. 8, 2016).

⁶ PGE Response to Renewable Northwest Data Request 10 to PGE.

⁷ *Id.*

lower. For example, the success rate for projects that requested interconnection with PacifiCorp during the period 2003-2017 was 10%.⁸

B. This Commission’s precedent does not support granting PGE’s requested relief.

A comparison of PGE’s circumstances to those of other Oregon utilities does not support granting PGE the drastic relief it requests. PGE attempts to support its argument that its requested relief is consistent with Commission precedent by comparing the *number* of MW in QF power purchase agreements (“PPAs”) requested and executed to the numbers for Idaho Power and PacifiCorp when the Commission granted them interim relief in Dockets UM 1725 and UM 1734. However, PGE fails to account for the significant differences in its system size as compared with the other two utilities’ Oregon service territories. For example, PGE states that it has “more than three and a half times as many MW of QF output under contract and 70% more megawatts of QF output seeking PURPA contracts than did Idaho Power when it filed for, and obtained, interim relief.” However, while in 2016 Idaho Power’s system size for Oregon is approximately 43 MW,⁹ PGE’s forecasted system size in 2017 is 4000 MW.¹⁰ Similarly, PGE states that “[c]learly, the level of QF activity currently faced by PGE is similar to the level of QF activity faced by PacifiCorp when it was granted interim relief.” However, PGE’s system is approximately 1.5 times larger than the size of PacifiCorp’s Oregon service territory.¹¹ In

⁸ See Re Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap, Docket No. UM 1734, Obsidian/100 Brown 4 (Jul. 16, 2015).

⁹ Idaho Power’s 2016 total nameplate generation was 3,594 MW and its total peak firm load was 3,299 MW. In 2015, Idaho Power’s Oregon customers represented 1.3 percent of Oregon’s total electric sales. Re Idaho Power Company, 2017 Integrated Resource Plan, Docket No. LC 68, 2017 Integrated Resource Plan at 17, 22 (Jun. 30, 2017).

¹⁰ Re Portland General Electric Company, 2016 Integrated Resource Plan, Docket No. LC 66, 2016 Integrated Resource Plan at 115 (Nov. 15 2016).

¹¹ PacifiCorp’s forecasted summer peak in 2017 is 10,493 MW. Oregon is approximately 25% of PacifiCorp’s system, so we estimate Oregon’s share is approximately 2,623 MW. Re PacifiCorp, dba Pacific Power, 2017 Integrated Resource Plan, Docket No. LC 67, 2017 Integrated Resource Plan at 91 (Apr. 4, 2017).

summary, PGE has not demonstrated that its circumstances, compared to PacifiCorp's and Idaho Power's when granted interim relief in UM 1734 and 1725, warrant the drastic relief that PGE requests.

III. CONCLUSION

For the reasons stated above, Renewable Northwest encourages the Commission to deny PGE's Motion.

Respectfully submitted this 27th day of July, 2017.

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