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V. Denise Saunders
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August 3, 2017

Via Electronic Filing

Oregon Public Utility Commission
Attention: Filing Center
PO Box 1088
Salem OR 97308-1088

Re: UM 1854- PORTLAND GENERAL ELECTRIC COMPANY, Application to Lower the Standard Price and Standard Contract Eligibility Cap for Solar Qualifying Facilities

Dear Filing Center:

Enclosed for filing in the above-captioned docket is Portland General Electric Company's ("PGE") Reply in support of its June 30, 2017 Motion for Interim Relief. Also, concurrent with this filing, we are making the following related filing:

- Supplemental Testimony of Brett Sims and Robert Macfarlane and Exhibits in support of PGE's reply in support of its motion for interim relief.

These documents are being filed by electronic mail with the Filing Center.

Thank you in advance for your assistance.

Sincerely,

Jeffrey Lovinger Lovinger
Law Offices

/s/ V. Denise Saunders
V. Denise Saunders
Associate General Counsel

JL/bop

Enclosures

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.	**PORTLAND GENERAL ELECTRIC COMPANY'S REPLY IN SUPPORT OF MOTION FOR INTERIM RELIEF** **Expedited Consideration Requested**

I. INTRODUCTION

Pursuant to OAR 860-001-0420(5), Portland General Electric Company ("PGE") respectfully submits this reply in support of PGE's June 30, 2017 motion for interim relief ("Motion"). PGE's Motion requests an order temporarily modifying the terms and conditions under which PGE enters into power purchase agreements with qualifying facilities ("QFs") pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA"). PGE seeks interim relief while the Public Utility Commission of Oregon ("Commission") considers PGE's June 30, 2017 *Application to Lower the Standard Price and Standard Contract Eligibility Cap for Solar Qualifying Facilities* ("Application"). Specifically, PGE's motion requests an order:

1. Lowering the eligibility cap for a solar QF to obtain standard avoided cost prices ("standard prices") from 10 megawatts ("MW") to 3 MW;

2. Declaring that a solar QF with capacity above 100 kilowatts ("kW") is not eligible for a standard contract or standard prices from PGE if any owner of the solar QF has requested or obtained standard prices from PGE for more than 10 MW of aggregate solar QF capacity;

3. In the alternative, an order lowering the eligibility cap for a solar QF to obtain standard prices to 2 MW.

The Motion requests that interim relief become effective June 30, 2017 (the date the Application and Motion were filed with the Commission) and remain in effect until the Commission has issued an order granting or denying the permanent relief requested in the Application. The Motion requests that interim relief apply to all requests for PURPA contract pending before PGE that did not achieved a legally enforceable obligation, as defined in Order No. 16-174, before June 30, 2017. Finally, the Motion requested expedited consideration because of the likelihood that PGE may be required to enter into dozens of new solar QF contracts for hundreds of megawatts of combined output before the Commission will have an opportunity to issue a decision on the permanent relief requested in the Application. PGE respectfully requests that the Commission issue an order on PGE's Motion as soon as possible and preferably on or before August 17, 2017.[1]

This reply addresses the arguments made by: Commission Staff ("Staff"), Northwest and Intermountain Power Producers Coalition ("NIPPC"), Renewable Energy Coalition ("REC"), Community Renewable Energy Association ("CREA"), Strata Solar Development, LLC ("Strata Solar"), Renewable Northwest, Industrial Customers of Northwest Utilities ("ICNU"), and One Energy Renewables ("One Energy"). NIPPC, REC and CREA filed a joint response and referred to themselves collectively as the "Joint QF Parties."

[1] PGE is requesting an order on its motion for interim relief within two weeks of the date of this reply which is consistent with the timing of the Commission's order granting interim relief to Idaho Power in Docket No. UM 1725. *See* Docket No. UM 1725, Order No. 15-199 (Jun. 23, 2015) (order granting interim relief to Idaho Power issued on June 23, 2015, two weeks after Idaho Power's June 9, 2015 reply in support of its motion for stay).

II. REPLY

The Commission should reject the arguments raised by NIPPC, REC, CREA, Strata Solar, Renewable Northwest, and OneEnergy and grant PGE the interim relief it seeks. The pace and volume of QF development occurring in and delivering to PGE's service territory dictates that interim relief is both appropriate and necessary—even with regard to QF projects that have requested a contract but have not yet achieved a legally enforceable obligation ("LEO"). Without interim relief, PGE will be required to enter into long-term contracts at prices that substantially exceed PGE's actual avoided costs, causing substantial and irreparable harm to PGE's customers. The Commission can and should prevent this harm from occurring by temporarily lowering the eligibility criteria for standard prices and/or standard contracts as requested above.

A. The Commission has the Authority to Grant the Relief Requested by PGE and has Used that Authority in the Past; This is Not a Case of First Impression.

The Commission's authority to grant PGE's motion for interim relief arises from its fundamental regulatory duty to "represent the customers of any public utility or telecommunications utility and the public generally in all controversies . . . [and] make use of the jurisdiction and powers of the office to protect such customers, and the public generally, from unjust and unreasonable exactions and practices and to obtain for them adequate service at fair and reasonable rates."[2] The Commission may grant the requested interim relief if it determines that such action is necessary to carry out its statutory duty to protect utility customers from harm.

In addition, ORS 756.568 authorizes the Commission, upon notice to the public utility and after opportunity to be heard, to rescind, suspend or amend any order made by the Commission. ORS 756.568 does not specify a standard for Commission action under the statute.

[2] ORS 756.040(1).

The Commission has previously suspended or amended the application of certain rules and policies regarding PURPA.[3] Most relevantly, the Commission has previously lowered the standard price and standard contract eligibility cap for solar QF projects as interim relief in response to dramatic increases in solar QF activity experienced by Idaho Power Company ("Idaho Power") and PacifiCorp.[4]

1. UM 1725—Idaho Power's Application to Lower the Eligibility Cap.

On April 24, 2015, Idaho Power filed an application to lower the standard contract eligibility cap from 10 MW to 100 kW and to reduce the standard contract term from 20 years to 2 years.[5] At the same time, Idaho Power filed a motion to stay its obligation to enter into standard QF contracts pending resolution of its application.[6]

Idaho Power stated that it had 11 QF projects under contract but not yet operational (110 MW – 50 MW of wind and 60 MW of solar), 16 solar QF projects that had requested but not yet executed standard contracts (135 MW), and 10 solar QF projects that had inquired about a standard contract (110 MW).[7] Idaho Power stated that its then-effective standard prices were overstated by an average of $12 to $38/Mwh and did not properly reflect the utility's actual avoided costs.[8] Idaho Power indicated that just the 16 solar QF projects that had requested but

[3] *See e.g.,* Docket UM 1725, Staff Response to Motion for Stay at 3 (Jun. 2, 2015), citing Order Nos. 87-1154 and 12-042.
[4] *See* Docket No. UM 1725, Order No. 15-199 (Jun. 23, 2015) (order granting interim relief to Idaho Power); Docket No. UM 1734, Order No. 15-241 (Aug. 14, 2015) (order granting interim relief to PacifiCorp).
[5] Docket No. UM 1725, Idaho Power's Application to Lower Standard Contract Eligibility Cap and Reduce the Standard Contract Term (Apr. 24, 2015).
[6] Docket No. UM 1725, Idaho Power's Motion for Stay (Apr. 24, 2015).
[7] Docket No. UM 1725, Order No. 15-199 at 2 (Jun. 23, 2015) (Commission summarized magnitude of QF activity facing Idaho Power in order granting interim relief).
[8] Docket No. UM 1725, Order No. 15-199 at 3 (Jun. 23, 2015).

not executed standard contracts could cost customers $178 million more than purchase of that same power using updated avoided cost prices and capacity deficit year.[9]

Two months after Idaho Power filed its application and motion for stay, the Commission issued Order No. 15-199 in which it denied the stay but issued interim relief.[10] The Commission lowered the eligibility cap for Idaho Power's standard contract from 10 MW to 3 MW for solar QF projects.[11] And the Commission made this relief effective as of April 24, 2015, the date Idaho Power filed its application and motion for stay.[12] The Commission found: "The numbers presented in Idaho Power's motion document the extreme expansion of QF growth."[13] The Commission acknowledged that "some of these solar QF projects may not be built" but concluded "[n]onetheless, even using conservative estimates, we are convinced that a significant number of projects will proceed and eventually require Idaho Power, without some form of interim relief, to enter into substantial long-term contracts that exceed the company's actual avoided costs."[14]

The Commission did not purport to consider the impact of the QF activity reported by Idaho Power as a fraction of Idaho Power's Oregon load, rather the Commission confined its analysis to the absolute number of solar QF projects requesting standard contracts and the absolute value of the combined generation capacity of those requests. Based on these absolute values, the Commission concluded "this unprecedented pace and volume of QF development justifies interim relief in order to prevent harm to Idaho Power's ratepayers."[15]

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[9] Docket No. UM 1725, Order No. 15-199 at 3 (Jun. 23, 2015).
[10] *Id*.
[11] *Id.* at 7.
[12] *Id.*
[13] *Id.* at 6.
[14] *Id.*
[15] *Id.* at 7.

2. UM 1734 - PacifiCorp's Application to Lower the Eligibility Cap.

On May 21, 2015, PacifiCorp filed an application to lower the eligibility cap for standard contracts from 10 MW to 100 kW and to reduce the fixed-price term of QF power purchase agreements ("PPAs") from 15 years to 3 years.[16] PacifiCorp reported that it had 338 MW of executed QF PPAs in Oregon and another 587 MW in active requests.[17] PacifiCorp reported that the total 925 MW of existing and proposed QF contracts in Oregon would be enough to supply 56 percent of PacifiCorp's average Oregon retail load and 90 percent of its minimum load.[18] In its application to lower the standard contract eligibility cap and reduce the standard contract term, PacifiCorp relied on comparisons between its then-applicable standard avoided cost prices and forward market price curves to demonstrate the potential financial harm faced by its customers if the Commission did not provide the requested relief.[19]

On July 9, 2015, seven weeks after filing its application to lower the eligibility cap, PacifiCorp filed a motion for interim relief seeking immediate reduction of the eligibility cap for standard contracts from 10 MW to 3 MW.[20] PacifiCorp argued that without interim relief, it would be forced to enter into substantial long-term contracts that exceed its actual avoided costs.[21] REC, CREA, Renewable Northwest and OneEnergy all opposed the grant of interim relief to PacifiCorp, raising many of the same arguments they raise in response to PGE's motion for interim relief. The Intervenors argued that most solar QF projects requesting contracts from PacifiCorp would never be built, that PacifiCorp had failed to demonstrate that an increase in

[16] Docket No. UM 1734, PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap (May 21, 2015).
[17] Docket No. UM 1734, Order No. 15-241 at 2 (Aug. 14, 2015) (Commission summarized magnitude of QF activity facing PacifiCorp in order granting interim relief).
[18] *Id.*
[19] Docket No. UM 1734, *PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap* at 3 (May 21, 2015).
[20] Docket No. UM 1734, PacifiCorp's Motion for Interim Relief (Jul. 9, 2015).
[21] *Id.* at 3.

QFs at PacifiCorp's recently updated standard avoided cost prices would be problematic on a system of PacifiCorp's size, and that PacifiCorp had failed to demonstrate that new solar QFs will impose costs in excess of PacifiCorp's avoided costs.[22]

On August 14, 2015, the Commission rejected the Intervenors' arguments and granted PacifiCorp's motion for interim relief.[23] The Commission reduced the eligibility cap for PacifiCorp's standard contract from 10 MW to 3 MW for solar QF projects.[24] The Commission explained its decision as follows:

> PacifiCorp's filings persuade us that there has been significant growth in QF development in its territory. Interim relief is appropriate to protect ratepayers from the possibility of being charged more than PacifiCorp's avoided power costs during the pendency of our review. We recognize that Intervenors dispute some of PacifiCorp's figures and raise questions about whether all these QF projects will actually be built. Nonetheless, we find sufficient reason to provide a modest measure of relief pending our further analysis of market conditions and Commission QF policies. Furthermore, as PacifiCorp notes, having granted Idaho Power's request for interim relief in Order No. 15-199, a failure to provide a similar 3MW cap on solar QF project eligibility to PacifiCorp might well encourage developers to engage in geographic arbitrage.[25]

Crucially, the Commission made the effect of the interim relief retroactive to the date PacifiCorp first filed its application—May 21, 2015—which was seven weeks before PacifiCorp filed its motion for interim relief and almost three months before the Commission issued its decision on interim relief.[26]

[22] Docket No. UM 1734, Order No. 15-241 at 2-3 (Aug. 14, 2015) (Commission summarizes Intervenor arguments in opposition to interim relief).
[23] *Id.* at 3.
[24] *Id.*
[25] *Id.*
[26] Docket No. UM 1734, Order No. 15-241 at 3 (Aug. 14, 2015) (retroactive effective date noted in ordering paragraph 2).

3. PGE's Application and Motion for Interim Relief Present the Commission with the Same Issues Presented in UM 1725 and UM 1734 and the Commission Should Provide PGE with Similar Interim Relief.

PGE's Application and Motion have presented the Commission with evidence of a dramatic increase in solar QF activity that is at least as severe as the increases in activity that motivated the Commission to grant interim relief to Idaho Power in UM 1725 and to PacifiCorp in UM 1734. In response, PGE now seeks a form of interim relief that is more narrowly tailored than the interim relief that was granted to Idaho Power and PacifiCorp. PGE seeks a 3 MW cap on standard *prices* (rather than the 3 MW cap on standard *contracts* that was granted to Idaho Power and PacifiCorp) and, for its second form of proposed relief, PGE only seeks a cap on standard contracts if a project is over 100 kW and owned by a developer who has already requested or obtained standard prices on more than 10 MW of solar QF capacity. Alternatively, PGE seeks a 2 MW cap on standard *prices* only (not the cap on standard *contracts* granted to Idaho Power and PacifiCorp). At the very least, PGE seeks as interim relief the same 3 MW cap on standard *prices* that Idaho Power and PacifiCorp were ultimately granted as permanent relief in UM 1725 and UM 1734.

Critically, PGE asks that whatever interim relief the Commission decides to grant should become effective on the date of PGE's Application and Motion. This is the same approach that the Commission took when granting interim relief to Idaho Power and PacifiCorp and it is critical to the effectiveness of the interim relief. As the Commission noted in Idaho Power's case, the interim relief was intended to protect Idaho Power's customers from potentially paying $178 million more than Idaho Power's actual avoided costs for power from 16 solar QF projects *that had already applied* for standard contracts when Idaho Power filed its application and motion for

stay.[27] Likewise, the interim relief granted to PacifiCorp was intended to prevent the harm that could occur to PacifiCorp's customers if the 587 MW *in active requests* for standard contracts were allowed to proceed under the old, 10 MW eligibility cap.[28] The interim relief granted to Idaho Power and to PacifiCorp would have been meaningless if it did not apply to requests for standard contract made before the date the Commission issued its orders granting interim relief.

B. PGE's Need for Relief is Significant and Increasing.

In its Application, its Motion, and in the supporting Testimony of Robert Macfarlane and Brett Sims, PGE reported on the extraordinary volume of QF activity that PGE was experiencing as of June 5, 2017. As PGE discussed in its Application and Motion, the volume of QF capacity under long-term contract to PGE has increased more than seven-fold in approximately three years, increasing from 68 MW when the Commission issued Order No. 14-058 on February 24, 2014, to a June 5, 2017 level of 467.5 MW.[29] More importantly for the purposes of PGE's Motion and Application, as of June 5, 2017, PGE was confronted with pending requests for new long-term PURPA contracts from 47 proposed QF projects representing 487.4 MW of new QF capacity, including 41 solar QF projects representing 417.2 MW of capacity.[30] If all of these requests proceed to contract, PGE will have 954.9 MW of QF capacity under contract, a 15-fold increase since February 2014.[31] At this level of PURPA contract commitment, PGE's customers will face more than $3 billion in PURPA costs over the next 15 years. [32]

[27] Docket No. UM 1725, Order No. 15-199 at 3 and 6-7 (Jun. 23, 2015).
[28] Docket No. UM 1725, Order No. 15-241 at 2 (Aug. 14, 2015).
[29] PGE/102, PGE/100, page 2.
[30] PGE/100, pages 2 and 9.
[31] PGE/100, pages 2-3.
[32] PGE/105, PGE/100, page 12.

As explained in PGE's Motion and Application, standard prices are generic and do not take into account project-specific avoided costs or other project specific considerations.[33] Standard prices are less accurate than negotiated prices and can result in PGE's customers paying more than actual avoided cost for the output of a QF project. PGE is concerned that applying the relatively high 10 MW eligibility cap to so much new QF output will result in contracts with long-term fixed prices that substantially exceed PGE's actual avoided costs. Applying a 10 MW threshold for standard prices to the June 5, 2017 level of pending requests by solar QF projects (417.2 MW) and locking in inaccurate standard prices for 15 years will result in substantial and irreparable harm to PGE's customers. PGE estimates that the value of these payments to Solar QF projects would exceed expected market prices by $545 million over the next 15 years.[34]

Since June 5, 2017, PGE has continued to receive an extraordinary volume of requests for standard contracts from solar QF projects. At the same time it filed this reply, PGE filed supplemental testimony of PGE witnesses Robert Macfarlane and Brett Sims detailing the QF activity experienced by PGE since June 5, 2017 (through July 28, 2017).[35] As the supplemental testimony makes clear, since June 5, 2017, PGE has received another 19 requests for standard contracts from solar QF projects with combined nameplate capacity of 78.8 MW.[36] With these additional requests, PGE is now facing requests for standard contracts from a total of 114 solar QF projects representing 660.1 MW of nameplate capacity.[37] Applying a 10 MW threshold for standard prices to these pending requests by solar QF projects and locking in inaccurate standard

[33] Docket No. 1129, Order No. 05-584 at 16 (May 13, 2005) ("With standard contracts, project characteristics that cause the utility's cost savings to differ from its actual avoided costs are ignored.").
[34] PGE/107, PGE/100, page 13.
[35] *See* PGE/200, page 2 (PGE's supplemental analysis is based on contract requests as of July 28, 2017; however, on August 2, PGE received an additional 11 proposed solar QF projects, all sized at either 3 or 4 MW, totaling 37 MW from a single developer).
[36] PGE/200, page 5.
[37] *Id*.

prices for 15 years would result in substantial and irreparable harm to PGE's customers. That harm is further exacerbated by the requirement to provide QFs with 15 years of fixed pricing from the commercial operation date rather than from contract execution; this means that PGE could be required to pay inaccurate prices up to 18 years in the future, if the QF chooses a commercial operation date that is three years after contract execution.[38] PGE estimates that the value of such payments to the increased level of Solar QF projects requesting contracts from PGE would exceed expected market prices by $918 million over the next 15 years.[39]

The following table summarizes the level of solar QF activity currently facing PGE:

Table 1: QF Projects Seeking to Sell to PGE

Project Status	**Number/ Capacity**	**Original (as of 6/5/17)**	**Subsequent (6/6/17 to 7/28/17)**	**Total (as of 7/28/17)**	**Total Solar QF Projects (as of 7/28/17)**
Operational	# of Projects	14	0	14	5
	MWs	21.2 MW	0 MW	21.2 MW	3.2 MW
Under Contract, but not yet Operational	# of Projects	63	1	64	59
	MWs	446.3 MW	1.95 MW	448.3 MW	406.1 MW
Actively Seeking Contract	# of Projects	47	29	76	67
	MWs	487.4 MW	198.7 MW	686.1 MW	607.8 MW
Total	# of Projects	124	30	154	131
	MWs	954.9 MW	200.7 MW	1,155.6 MW	1,017.0

It is clear from this information that PGE is facing an extraordinary level of QF development, and that virtually all of this activity comes from solar QF projects seeking standard contracts. The level of applications PGE is experiencing is continuing to increase.[40] Unless the Commission grants interim relief and makes that relief effective as of the date PGE's filed its Application and Motion, PGE's customer will continue to be exposed to an increasing level of harm.

[38] *See* Docket No. UM 1805, Order No. 17-17-256 at 4 (requiring PGE to file revisions to Schedule 201 and standard contract forms consistent with the requirement to offer standard prices for 15 years measured from date of power delivery).
[39] PGE/200, page 7.
[40] PGE/200, pages 2 and 5.

C. The Solar QF Activity Facing PGE and the Potential Harm to PGE's Customers is at Least as Significant as the Level of Activity and Potential Harm that was Faced by Idaho Power and PacifiCorp.

As of July 28, 2017, PGE has 6.3 times as many megawatts of QF output under contract and 148% more megawatts of QF output seeking PURPA contracts than did Idaho Power when it filed for, and obtained, interim relief in UM 1725.[41] And PGE has 85% more megawatts of QF output under contract and 154% more megawatts of QF output seeking PURPA contracts than did PacifiCorp when it filed for, and obtained, interim relief in UM 1734.[42] But that is only part of the story. When PacifiCorp filed for interim relief, it had 5 proposed solar QF projects that had requested standard contracts (49.8 MW)[43]. PGE has 55 proposed solar QFs that have requested standard contracts (298.8 MW) or six times as many megawatts of QF output seeking standard PURPA contracts than PacifiCorp did when it filed for, and obtained, interim relief in UM 1734. Even at the lower levels of QF activity faced by Idaho Power, the Commission decided the "unprecedented pace and volume of QF development [faced by Idaho Power] justified interim relief in order to prevent harm to Idaho Power's ratepayers."[44] The Commission reached the same conclusion about PacifiCorp.[45] Clearly the level of QF activity faced by PGE is sufficient to justify interim relief to protect PGE's customers.

1. The Volume of Active Requests is the Only Reasonable Metric for Measuring Possible Harm to Customers.

Renewable Northwest and the Joint QF Parties argue that the Commission should not be concerned with the volume of solar QF projects seeking standard contracts from PGE because

[41] PGE/200, page 6.
[42] *Id*.
[43] Docket No. UM 1734, PacifiCorp Reply in Support of Motion for Interim Relief at 6 (Jul. 24, 2015).
[44] Docket No. UM 1725, Order No. 15-199 at 7 (Jun. 23, 2015).
[45] Docket No. UM 1734, Order No. 15-241 at 3 (Aug. 14, 2015).

most of those projects will not become operational.[46] Renewable Northwest, CREA and REC have made these arguments before. They raised this idea in opposition to interim relief in both UM 1725 and UM 1734.[47] In those cases, the Commission acknowledged the Intervenors' concerns but concluded that the levels of QF activity in UM 1725 and UM 1734 were sufficiently great to justify interim relief even if many of the projects do not become operational.[48]

The Intervenors' argument that hundreds of megawatts of new contract requests are no threat because there is no evidence that all the requests will result in operational projects is schizophrenic. On the one hand, the Intervenors urge that requests for standard contract are too speculative to consider when quantifying possible harm to PGE's customers. On the other hand the Intervenors constantly argue that these same requests for standard contract are so definite and certain that they establish a legally enforceable obligation that entitles the applicants to long-term contracts at current standard prices.[49] Intervenors cannot have it both ways. The volume of active

[46] Docket No. UM 1854, Renewable Northwest's Response in Opposition to PGE's Motion for Interim Relief at 3-4 (Jul. 27, 2017); Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 6-7 (Jul. 27, 2017).

[47] *See* Docket No. UM 1725, Order No. 15-199 at 4-5 (Jun. 23, 2015) ("CREA … casts doubt on Idaho Power's claims of a potential 'flood' of future solar contracts due to potential barriers to new development. …. REC states that Idaho Power has exaggerated the level of expected new QF development … REC notes … far more projects request initial information than eventually enter into PPAs ….''); Docket No. UM 1734, Order No. 15-241 at 2-3 (Aug. 14, 2015) (CREA as part of a joint response argued that "since 2007, only about 10 percent of all renewable projects seeking PPAs have actually been built." And Renewable NW and REC argued "that PacifiCorp has failed to demonstrate that a dramatic solar QF increase will materialize.").

[48] Docket No. UM 1725, Order No. 15-199 at 6 (Jun. 23, 2015) ("We acknowledge that some of these solar QF projects may not be built. Nonetheless, even using conservative estimates, we are convinced that a sufficient number of projects will proceed and eventually require Idaho Power, without some form of interim relief, to enter into substantial long-term contracts that exceed the company's actual avoided costs."); Docket No. UM 1734, Order No. 15-241 at 3 (Aug. 14, 2015) ("We recognize that Intervenors dispute some of PacifiCorp's figures and raise questions about whether all these QF projects will actually be built. Nonetheless, we find sufficient reason to provide a modest measure of relief pending our further analysis of market conditions and Commission QF policies.").

[49] *See e.g.,* Docket UM 1854, OneEnergy's Comments on PGE's Motion for Expedited Relief at 1 (Jul. 27, 2017) (OneEnergy asserts that two requests for standard contract made on May 8, 2017 for two 10 MW solar QF projects and two requests for standard contract made on June 26, 2017 for two 10 MW solar QF projects have all established a legally enforceable obligation).

requests for standard contract is the only reasonable measure for evaluating possible harm to PGE's customers; even if an applicant is not yet obligated by a contract or a LEO. The Commission cannot wait until dozens of contracts for hundreds of megawatts of output are under contract to address this issue—at that point it would be too late and PGE's customers will have already suffered significant harm. Moreover, even assuming that **only half** of the almost 1,013.9 MW currently proposed and under contract solar comes online, it would represent a more than 160-fold increase in PGE's must buy obligation from 3.2 MW to over 500 MW.[50]

Finally, the Intervenors have presented no relevant evidence that only a tiny fraction of pending requests for standard contract will become operational projects. Renewable Northwest claims that only 10% of PacifiCorp's interconnections were successful from 2003-2017; but it points to testimony from a developer dated 2015, which cannot possibly support Renewable Northwest's claims about 2016-2017.[51] More importantly, even if PacifiCorp had a 10% interconnection rate at some point, that doesn't provide any evidence regarding how many of PGE's current requests for contract will become operational. The Commission refused to allow this argument to prevent interim relief in UM 1725 and UM 1734 and it should do the same here—there is no reason to reach a different result.

2. PGE's Customers are Facing at Least as Much Risk of Harm as Was Faced by Idaho Power's Customers or PacifiCorp's Customers.

Renewable Northwest and OneEnergy both argue that PGE is not experiencing solar QF activity on a scale comparable to that experienced by Idaho Power in UM 1725 or by PacifiCorp in UM 1734. Both Renewable Northwest and OneEnergy argue that PGE's Oregon load is

[50] PGE/200, page 3.
[51] Docket No. UM 1854, Renewable Northwest's Response in Opposition to PGE's Motion for Interim Relief at 4 and footnote 8 (Jul. 27, 2017).

greater than the Oregon load of the other two utilities and that the impact on PGE of so much new solar QF generation is therefore attenuated.[52]

First, the harm to PGE's customers is significantly greater than the harm PacifiCorp's customers faced when PacifiCorp sought interim relief in UM 1734. As already discussed, PGE has six times as many megawatts of QF output seeking standard PURPA contracts than PacifiCorp did when it filed for, and obtained, interim relief in UM 1734.[53] Even after adjusting for the relative size of PacifiCorp's Oregon system using energy sales (increasing PacifiCorp's 49.8 MW by 48% to 73.7 MW), PGE has four times[54] as many megawatts of QF output seeking standard PURPA contracts than PacifiCorp did when it filed for, and obtained, interim relief in UM 1734.[55] As already discussed, the absolute volume of solar QF projects requesting standard contract from PGE significantly exceeds the volume of projects that requested contracts from Idaho Power or PacifiCorp when those two utilities obtained interim relief.

Second, there is no indication that the Commission's decision to grant interim relief to Idaho Power was based on any consideration of the relative volume of requests compared to the size of Idaho's Oregon load; the Commission focused solely on the absolute number of requests and the absolute amount of capacity associated with those requests.[56] In their response, the Joint QF Parties argue that the Commission granted relief to Idaho Power, at least in part, in order to

[52] Docket No. UM 1854, Renewable Northwest's Response in Opposition to PGE's Motion for Interim Relief at 4 (Jul. 27, 2017) (arguing that PGE's Oregon system is larger than the other two utilities' Oregon systems); Docket No. UM 1854, OneEnergy's Comments on PGE's Motion for Expedited Relief at 2 (Jul. 27, 2017) ("… PGE is not in a similar position as Idaho Power and PacifiCorp in the prior cases dealing with standard contract size thresholds for those utilities … PGE has much larger Oregon load than any other utility.").
[53] PGE/200, page 6.
[54] *Id.*
[55] *Id.*
[56] *See* Docket No. UM 1725, Order No. 15-199 at 6 (Jun. 23, 2015) (citing absolute number of requests and absolute volume of associated new capacity as justification for granting interim relief).

establish consistency with Idaho State policy.[57] This simply is not true—the Commission expressly rejected the idea that relief should be granted to establish consistency with Idaho State policy.[58]

Third, PGE has a smaller overall system than PacifiCorp,[59] and PacifiCorp spreads its cost of QF contracts across its six state service territory.[60] PGE's system is only moderately larger than Idaho Power's overall system,[61] and Idaho Power also spreads the cost of Oregon QF contracts across its entire system.[62] Renewable Northwest's insistence on comparing only the Oregon service territory of each utility is therefore misplaced.

For all of these reasons, it is clear that PGE is experiencing levels of QF activity that are comparable to, and arguably more significant than, the levels of QF activity experienced by Idaho Power and PacifiCorp when the Commission issued interim relief in UM 1725 and UM 1734.

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[57] Docket No. Um 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 39 (Jul. 27, 2017).
[58] Docket No. UM 1725, Order No. 16-129 at 5 (Mar. 29, 2016) ("At the outset, we are not persuaded by the arguments that administrative efficiency and consistency between jurisdictions warrant our adoption the same 100 kW eligibility cap currently in effect in Idaho. We decline to simply adopt standards used in a neighboring jurisdiction, and instead focus on Idaho Power's experience with QF contracting here in Oregon.").
[59] In 2015, PacifiCorp's six-state system had 283% of the load of PGE's one-state system (PacifiCorp had 54,849,584 MWh of sales while PGE had 19,382,092 MWh of sales in 2015). *See* U.S. Energy Information Administration Form 861 data from 2015 (https://www.eia.gov/electricity/data/eia861/).
[60] Docket No. UM 1734, PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap at 2 (May 21, 2015) (discussing that QF costs are spread across PacifiCorp's six-state system and that Oregon's allocated share of these system-wide QF costs averages approximately 25 percent).
[61] In 2015, Idaho Powers two-state system had 74% of the load of PGE's one-state system (Idaho Power had 14,264,493 MWh of sales while PGE had 19,382,092 MWh of sales in 2015). *See* U.S. Energy Information Administration Form 861 data from 2015 (https://www.eia.gov/electricity/data/eia861/).
[62] Docket No. UE 195, Order No. 08-238 at Appendix A, page 5 (Apr. 28, 2008).

3. Comparing the Cost of Current Standard Prices to Forward Market Prices Provides a Useful Measure of Possible Harm.

Renewable Northwest and the Joint QF Parties argue that PGE has failed to demonstrate the possibility of significant economic harm to customers because PGE has compared its current standard prices to a forward market price curve.[63] They argue that PGE should compare current standard prices under Schedule 201 to average prices under Schedule 202.[64] But as PGE has explained to the Intervenors through discovery, PGE has only executed one Schedule 202 contract and it is therefore not possible to generate a meaningful average of prices under Schedule 202.[65]

While PGE acknowledges that forward market price projections may be an imperfect proxy for PGE's actual avoided costs, market prices provide a useful indicator of how divergent current standard prices are from what it would cost PGE to obtain power from a source other than a QF. In addition, in UM 1734, PacifiCorp quantified the potential impact of QF activity on its customers by comparing market prices to its then-applicable standard prices, and the Commission found that comparison meaningful and sufficient to allow it to grant interim relief.[66] Intervenor ICNU represents many of PGE's largest customers and shares PGE's concern that allowing such a large influx of solar QF projects to qualify for inaccurate standard prices when the developers involved are capable of negotiating more accurate project-specific prices could

[63] Docket No. UM 1854, Renewable Northwest's Response in Opposition to PGE's Motion for Interim Relief at 2 (Jul. 27, 2017); Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 8 (Jul. 27, 2017).
[64] *Id.*
[65] *See* Docket No. UM 1854, Response of Renewable Northwest to PGE's Motion for Interim Relief, attached copy of PGE's response to Renewable Northwest's Data Request No. 10 (stating that PGE has entered into one Schedule 202 contract and that it is therefore not possible for PGE to develop a meaningful average annual Schedule 202 price).
[66] *See* Docket No. UM 1734, PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap at 2 (May 21, 2015) (arguing that standard prices that are a mere ten percent above market alternatives would create a $4.3 million impact in 2015 for PacifiCorp's Oregon customers).

expose PGE's customers to hundreds of millions of dollars of expense above PGE's actual avoided costs.[67] Indeed, PGE's most recent analysis based on the July 28, 2017 volume of solar QF projects requesting standard contract is that in the absence of interim relief, PGE's customers could be exposed to approximately $918 million in additional cost over the 15 year term of fixed pricing.

The Commission has long recognized that standard prices are intended to benefit small developers who lack the capacity to negotiate project specific prices or contract terms and that this can result in a utility's customers paying more than the utility's actual avoided costs—this is why the Commission has emphasized the importance of limiting the scope of standard prices and standard contracts to those developers who require such assistance to overcome market barriers.[68] As Commission Staff noted in UM 1725, PURPA's must-buy requirements are not intended to help sophisticated developers to, as Staff put it, "lock in favorable avoided costs prices for an extended period."[69]

Several of the QF developers that are seeking new solar contracts with PGE are large sophisticated companies, some much larger than PGE, and therefore very capable of negotiating price and other terms.[70] Several QF developers are also proposing multiple contracts and

[67] Docket No. UM 1854, Comments of ICNU at 1-2 (Jul. 27, 2017).
[68] Docket No. UM 1129, Order No. 05-584 at 16 (May 13, 2005) (recognizing need to balance interest in reducing market barriers and goal of "ensuring that a utility pays a QF no more than its avoided costs for the purchase of energy" and recognizing that standard contracts ignore project-specific characteristics that cause the utility's cost savings to differ from its actual avoided costs); Docket No. UM 1610, Order No. 14-058 at 7 (Feb. 24, 2014) (acknowledging concern that standard prices and standard contract terms "may result in the utility and its customers offering prices in excess of actual avoided costs.").
[69] Docket UM 1725, Staff's Response to Idaho Power's Motion for Temporary Stay at 8 (Jun. 2, 2015).
[70] Examples of large developers that have requested or received standard contracts from PGE include: Avangrid, with $14.149 US market capitalization; EDF Renewables, with €24.85 billion market capitalization; EDP Renewables, with a €5.892 billion market capitalization (market capitalization values are as reported by Bloomberg Markets on 8/2/2017;available at www.bloomberg.com/quote); and Cypress Creek Renewables "… with over $2 billion raised and invested and over 5 gigawatts of local solar farms deployed or in development …" (https://ccrenew.com/who-we-are/).

projects, which is further indication of their size and capability.[71] For example, Cypress Creek Renewables seeks standard contracts for 10 solar QF projects that are 2.2 MW each and a negotiated contract for a 40 MW solar project.[72] Cypress Creek Renewables indicates on its website that it has "well over $2 billion raised and invested and over 5 gigawatts of local solar farms deployed or in development."[73] As another example, Strata Solar Development has requested standard contracts for nine 2 MW solar QF projects and four 4 MW solar QF projects.[74] On its website, Strata Solar indicates that it is building over 100 solar farms in North Carolina with 5 MW, 20 MW, 60 MW and 80 MW sites;[75] another page of the website shows 79 different solar projects that Strata Solar has built, all between 2.7 MW and 6.8 MW.[76] Surely these developers are sophisticated and capable enough to negotiate project specific prices and contract terms. Indeed, if these developers cannot be expected to negotiate more accurate project-specific prices than who can be? It is unnecessary to require PGE's customers to pay less accurate standard prices to assist such huge development concerns that are more than capable of negotiating accurate, project-specific prices and terms.

Developers such as Cypress Creek and Strata Solar have demonstrated their capacity to scale projects at whatever size allows them to take the most advantage of regulatory opportunities. That is why a solution like PGE's proposed 10 MW aggregate cap is so essential; it gets at the root of the problem and prevents sophisticated developers from avoiding more accurate negotiated prices and providing appropriate reliability services by sizing projects just below whatever per project eligibility cap the Commission selects.

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[71] *See* PGE/100, pages 4, 7-8 and PGE/200, page 5.
[72] PGE/201.
[73] https://ccrenew.com/who-we-are/
[74] PGE/201.
[75] http://www.stratasolar.com/2016/12/21/stratas-utility-projects-growing-by-scale/
[76] http://www.stratasolar.com/utility/utility-project-spotlight/

4. The Commission Should Also Grant Interim Relief Because PGE's Current Standard Prices Significantly Overstate PGE's Actual Avoided Costs.

In their response in opposition, the Joint QF Parties argue the Commission should not provide any interim or permanent relief because PGE's standard prices were recently updated and because PGE's standard prices will soon decrease significantly when the Commission completes its current review and acknowledgment of PGE's Integrated Resource Plan ("IRP").[77] The Joint QF Parties argue that the Commission does not need to provide PGE with any interim relief because "PGE's IRP is scheduled to conclude next month and the results of that process could be known before the Commission grants any relief (interim or otherwise) in this proceeding."[78] The Joint QF Parties argue that following acknowledgement of PGE's IRP, the utility's avoided cost prices are likely to "drop significantly for the indefinite future."[79] Indeed, the Joint QF Parties predict that PGE's rates "are inevitably going to drop again in the near future" and they claim that "[t]his means, absent *any* Commission action, many of the projects in PGE's queue that are unable to complete their PPAs now will simply not move forward …."[80] Far from supporting a denial of PGE's Motion, these facts represent clear evidence that the Joint QF Parties agree that PGE's current standard offer prices are well above the true avoided cost. This is another compelling reason to grant PGE immediate interim relief.

As the Joint QF Parties note, PGE filed its annual update to standard prices on May 1, 2017, and that update was approved and allowed to go into effect on June 1, 2017.[81] But as the Joint QF Parties and the Commission know, PGE's annual update only adjusts limited aspects of

[77] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 9-10 (Jul. 27, 2017).
[78] *Id.* at 9.
[79] *Id.*
[80] *Id.* at 10.
[81] Docket No. UM 1728, Order No. 17-177 (May 19, 2017) (approving PGE's standard prices effective June 1, 2017).

PGE's standard prices.[82] The core inputs to PGE's standard prices are only adjusted and brought into alignment with PGE's actual avoided costs when PGE's IRP is acknowledged and new avoided cost prices based on the new IRP are approved by the Commission.[83] The last time PGE's IRP was acknowledged was December 2, 2014.[84] This means that the core assumptions underlying PGE's current standard prices are based on cost inputs (e.g. capital) that are over five years old —at a time when the cost of renewables is rapidly decreasing. While PGE's last IRP was acknowledged at the end of 2014, the cost inputs for the IRP were developed approximately two years earlier. The large discrepancies between standard offer prices and true avoided costs caused by such long delays in updating IRP cost inputs is more extreme for renewable resources like solar because the vast majority of total cost is driven by capital. Likewise, the inputs that underlie the new IRP that will be acknowledged in a month or two were developed almost two years ago. This means that it is difficult for administratively determined standard prices to keep up with the declining cost of renewables, and in particular solar.

These cost dynamics are the reason the Joint QF Parties can be so confident that the upcoming acknowledgement of PGE's IRP will result in a significant downward adjustment of PGE's standard prices. Because the core assumptions underlying PGE's current standard prices are so stale, it is clear that PGE's current standard prices are not an accurate representation of

[82] Docket No. UM 1610, Order No. 14-058 at 25-26 (Feb. 24, 2014) (adopting annual update to avoided cost prices every May 1 and indicating that the four factors to be updated are: natural gas prices; on- and off-peak forward-looking electricity market prices; changes to the status of the production tax credit; and any other action or change in an acknowledged IRP update relevant to the calculation of avoided costs).
[83] *See* OAR 860-029-0040(4)(a); Docket No. UM 180, Order No. 89-507; Docket No. UM 1129, Order No. 05-584 at 21 (May 13, 2005) ("Calculation of each electric utility's standard avoided costs begins with the utility filing an integrated resource plan (IRP) for a 20-year planning horizon, as required every two years. Within thirty days of the Commission's acknowledgment of an IRP, the utility makes an avoided cost filing based on its IRP, but updated as appropriate.").
[84] Docket No. LC-56, Order No. 14-415 (Dec. 2, 2014) (order acknowledging PGE's IRP).

PGE's current actual avoided costs and participants expect PGE's standard prices to decrease significantly once the Commission has completed its administrative process.

This puts PGE's current request for interim relief in a posture very similar to Idaho Power's request in UM 1725 where Idaho Power was arguing that its then-applicable standard prices were inaccurate and overstated the utility's actual avoided costs.[85] Idaho Power argued that its actual avoided costs were in the neighborhood of $12 to $38/MWh less than its then-applicable standard prices and urged the Commission to lower the eligibility cap for standard contracts so that a massive quantity of requests for standard contracts would not qualify for inaccurate standard prices.[86] As the Joint QF Parties point out in their response, PGE's currently-applicable standard prices are stale and significantly above PGE's actual avoided costs. All parties expect that situation to be remedied once the Commission acknowledges PGE's IRP. In the interim, it makes no sense to allow dozens of new solar QF projects representing hundreds of megawatts of new capacity to qualify for standard prices that the Commission and all parties know are inaccurate and would result in PGE's customers paying millions of dollars above actual avoided costs.

PGE has not conducted a detailed analysis of what its new standard prices will be once the Commission acknowledges the IRP, and PGE cannot generate a perfectly accurate analysis until it knows the details of any Commission order acknowledging the IRP. However, in order to reply to comments made by other parties, PGE has estimated that its standard prices will

[85] *See* Idaho Power's Application to Lower Standard Contract Eligibility Cap and to Reduce the Standard Contract Term (April 24, 2015).
[86] Docket No. UM 1725, Order No. 15-199 at 3 (Jun. 23, 2015) (The Commission notes that Idaho Power estimated its then-effective standard prices would overstate the actual costs avoided by 135 MW of new QF output by approximately $178 million).

decrease approximately $21.11/MWh once the IRP process is complete.[87] Applied to the 607.8 MW of capacity seeking standard contracts from PGE as of July 28, 2017, this means that PGE's customers could be exposed to $ 366 million more in costs if they are required to pay today's stale standard prices for the output of the solar QF projects currently seeking standard contracts from PGE. This dynamic was a good reason to grant interim relief to Idaho Power in UM 1725 and it is an excellent additional reason to grant interim relief to PGE in this proceeding.

D. The Relief Requested by PGE is Narrowly Tailored and Appropriate.

When granting interim relief to Idaho Power in UM 1725 the Commission noted: "such relief should be narrow, targeted, and proportionate."[88] In its Application and Motion, PGE has proposed three forms of relief that it believes are narrow, targeted, and proportionate.

1. 3 MW Cap on Standard Prices for Solar QF Projects.

The first form of relief PGE proposes is a 3 MW cap on the availability of standard prices for any solar QF project. This is the permanent relief the Commission granted to Idaho Power and PacifiCorp after investigating their applications in UM 1725 and UM 1734.[89] Indeed, the Commission has already determined that solar QFs larger than 3 MW are capable of negotiating project specific prices.[90] As a result, the minimum interim relief that PGE should receive is the lowering of the standard price eligibility cap to 3 MW for solar QF projects.

[87] PGE/200, page 8. PGE has calculated this estimate based on the 2029 deficiency date recommended by Staff in its July 28, 2017 Staff Report comments in Docket No. LC 66.
[88] Docket No. UM 1725, Order No. 15-199 at 7 (Jun. 23, 2015).
[89] *See*, Docket No. UM 1725, Order No. 16-129 at 5-6 (Mar. 29, 2016) (order granting permanent relief to Idaho Power in the form of a 3 MW cap on standard prices for solar QF projects); Docket No. UM 1734, Order No. 16-130 at 5 (Mar. 29, 2016) (order granting permanent relief to PacifiCorp in the form of a 3 MW cap on standard prices for solar QF projects).
[90] *See* Docket No. UM 1725, Order No. 16-129 at 5-6 (Mar. 29, 2016) ("Based on the evidence presented, we agree that single solar QF developers have developed multiple projects to avoid the 10 MW threshold. Furthermore, there is evidence that single solar developers can enter into negotiated contracts for QF projects sized in the 4 to 10 MW range. Accordingly, we find that the eligibility threshold for solar projects should be 3 MWs.").

2. 10 MW Aggregate Cap on Standard Contracts for Solar QF Projects.

PGE believes that a 3 MW eligibility cap on standard prices is necessary but not sufficient to address the entire problem presented when a few sophisticated developers propose multiple projects below 3 MW. Such developers are capable of developing projects larger than 3 MW and negotiating prices, or capable of developing projects larger than 10 MW and negotiating contract terms; instead they are proposing multiple projects at the 2.2 MW and 2.4 MW size threshold and qualifying dozens of MW of aggregate capacity for standard prices and standard contract terms.[91] One way to address this issue is to set the eligibility cap for standard prices at 2 MW. However, PGE has proposed a different solution, which it believes is more narrowly tailored, as its preferred solution.

PGE has proposed that once a developer has requested or obtained standard prices for 10 MW of solar QF capacity, that developer should be considered to be sufficiently sophisticated and capable to negotiate project specific prices and contract terms for subsequent solar QF projects. Put more precisely, PGE has asked the Commission to:

> Declare that a solar QF with capacity above 100 kW is not eligible for a standard contract or standard prices from PGE if any owner of the solar QF has requested or obtained standard prices from PGE for more than 10 MW of aggregate solar QF capacity.

PGE has proposed this 10 MW aggregate cap in an attempt to create a narrowly tailored form of relief that addresses the real problem of sophisticated developers taking advantage of standard prices and standard contract terms when they have the capacity to negotiate project

[91] PGE/100, pages 7-8.

specific prices and terms[92] PGE continues to believe that the 10 MW aggregate cap is an excellent solution.

However, the Intervenors have urged the Commission to reject the 10 MW aggregate cap as interim relief. They argue that the 10 MW aggregate cap is entirely novel and therefore inappropriate as interim relief. The fact that it is a novel solution does not mean that it should be rejected. The 3 MW cap on standard prices was a novel solution until the Commission adopted it as permanent relief in UM 1725 and UM 1734. If the Commission wants to meet its goal of providing standard prices and standard contract terms for small developers who need help overcoming market barriers but wants to require more sophisticated developers who are capable of negotiating more accurate project-specific prices and terms to do so, and thereby ensure that customers do not pay more than actual avoided cost, then the Commission will likely need to embrace a novel solution.

The Joint QF Parties argue that PGE's 10 MW aggregate cap could lead to impractical or nonsensical results.[93] For example, Joint QF Parties argue that "PGE's lifetime cap specifically subjects a QF that previously *requested* a single 10 MW project 30 years ago to renegotiate contract terms on a new 1-MW project that it requests now."[94] This is not a fair-minded criticism of PGE's proposal. Any policy can lead to nonsensical or unintended results under extreme assumptions, especially when the goal is to make the policy look bad by avoiding any common-sense solution. PGE believes the 10 MW aggregate cap is a workable solution to the actual problem of sophisticated developers obtaining the "subsidy" represented by standard prices and

[92] The use of the term "owner" in PGE's request for a 10 MW aggregate eligibility cap is intended to include project developers. *See* Docket No. UM 1854, PGE's Application at 3 (Jun. 30, 2017) (discussing intent of 10 MW aggregate eligibility cap as preventing a developer from obtaining standard prices and contract terms after a developer has requested or obtained standard prices on an aggregate of 10 MW of solar QF capacity).
[93] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 15 (July 27, 2017).
[94] *Id.*

more favorable contract terms represented in the standard contract when they are capable of negotiating a more accurate project-specific price and terms. There are many common sense solutions to imagined problems with PGE's proposal. For example, PGE would expect that when an existing PPA with standard prices expires or terminates, the capacity associated with that contract would no longer count against the developer's 10 MW aggregate cap on standard prices and standard contracts. Likewise, if a developer abandons a request for a standard contract, then the capacity represented by that abandoned request would no longer count against the developer.

PGE never characterized its proposal as a "lifetime ban"—the Joint QF Parties did so in an effort to make the proposal sound unfair. If the Commission perceives specific problems with PGE's proposal, it can adopt solutions to them such as those suggested above. PGE urges the Commission to give the 10 MW aggregate cap serious consideration; it is a good faith effort to come up with a practical, and narrowly tailored solution to a real and persistent problem.

If the Commission decides that the 10 MW aggregate cap is too novel or too embryonic to impose as interim relief, PGE urges the Commission to preserve its ability to adopt the 10 MW aggregate cap as permanent relief after more consideration. In order to preserve this option, the Commission should impose a 2 MW interim cap so that the opportunity to require negotiated prices for 2.2 MW projects developed by the same entity and totaling more than 10 MW in aggregate is not lost.

3. 2 MW Cap on Standard Prices for Solar QF Projects.

Finally, as an alternative to granting a 3 MW cap on standard prices for individual projects and a 10 MW aggregate cap on standard contracts, PGE has proposed that the Commission adopt a 2 MW cap on standard prices for solar QF projects as a form of interim relief. This relief is justified because it is clear that several developers are organizing multiple

projects that are independently below 3 MW but collectively above 10 MW in order to qualify for standard prices.[95] The developers involved are sophisticated enough to negotiate project-specific prices and do not require the "subsidy" associated with standard prices that the Commission intended to prevent barriers to less experienced or capable developers. A simple 3 MW cap on standard prices would miss these over 2 MW and up to 3 MW solar QF projects and subject PGE's customers to paying more than actual avoided cost on approximately 31.2 MW of combined solar QF output for 15 to 20 years.[96] The combined cost to PGE's customers of allowing a few sophisticated developers to take advantage of standard prices for over 2 MW and up to 3 MW solar QF projects in this way could be as much as $32.4 million over the 15 years of fixed pricing relative to a simple 3 MW cap.[97]

If the Commission is not going to adopt the 10 MW aggregate cap as interim relief, it should adopt a 2 MW cap on standard prices as interim relief to ensure that PGE's customers are not subjected to the irrevocable harm of this $32.4 million overpayment before the Commission can complete its investigation into PGE's application.

4. The Commission Should Reject the 5 MW Cap Proposed by the Joint QF Parties.

The Joint QF Parties have suggested that the Commission grant interim relief in the form of a 5 MW eligibility cap on standard prices for solar QF projects.[98] They suggest that land use restrictions in PGE's service territory create a *de facto* limit of 5 MW on the size of project a solar QF developer can build.[99] Joint QF Parties have provided no evidence of this "de facto 5

[95] PGE/100, pages 7-8, PGE/201, and PGE/204.
[96] PGE/200, page 7.
[97] *Id.*
[98] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 2 and 11 (Jul. 27, 2017).
[99] *See* Docket No. UM 1725, Order No. 16-129 at 5-6 (Mar. 29, 2016) ("Based on the evidence presented, we agree that single solar QF developers have developed multiple projects to avoid the 10 MW threshold. Furthermore, there

MW limit." More importantly, there is no rational basis for a 5 MW cap. The Commission has already determined that developers of solar QF projects larger than 3 MW are capable of negotiating project-specific prices;[100] and there is no credible reason why developers in PacifiCorp's and Idaho Power's service territory should be subject to a 3 MW cap while developers in PGE's service territory are subject to a 5 MW cap. Moreover, most of the solar QF projects proposing to sell to PGE are located outside PGE's territory and therefore are not necessarily subject to the land use restrictions of the Portland area.

E. Timing of Interim Relief is Critical; the Commission Should Make Interim Relief Effective from the Date PGE Filed its Application and Motion.

PGE has requested that any interim relief become effective June 30, 2017—the date PGE filed its Application and Motion. This is consistent with the timing of the interim relief granted by the Commission in UM 1725 and UM 1734.

In UM 1725, Idaho Power filed its application and motion for stay on April 24, 2015.[101] Two months later, on June 23, 2015, the Commission granted interim relief by lowering the eligibility cap for standard contracts to 3 MW for solar projects.[102] The Commission made this relief effective as of the date Idaho Power filed its application and motion—April 24, 2015.[103] The Commission granted this retroactive relief notwithstanding that Idaho Power refused to process requests for standard contract while it was waiting for a ruling on its motion for stay.[104]

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is evidence that single solar developers can enter into negotiated contracts for QF projects sized in the 4 to 10 MW range. Accordingly, we find that the eligibility threshold for solar projects should be 3 MWs.").

[100] Docket No. UM 1725, Order No. 16-129 at (Mar. 29, 2016).

[101] Docket No. UM 1725, Idaho Power's Application to Lower Standard Contract Eligibility Cap and to Reduce the Standard Contract Term (Apr. 24, 2015); Docket No. UM 1725, Idaho Power's Motion for Stay (Apr. 24, 2015).

[102] Docket No. UM 1725, Order No. 15-199 (Jun. 23, 2015).

[103] *Id.* at 8.

[104] Docket UM 1725, Idaho Power's Reply in Support of Motion for Temporary Stay at 6 (Jun. 9, 2015) (noting that on April 27, 2015, the same day it filed its application and motion for stay, Idaho Power wrote to QFs requesting standard contracts and informed them it would not take further action on their request until the Commission rules on the motion for stay).

In UM 1734, PacifiCorp filed its application on May 21, 2015.[105] It did not file a motion for interim relief until seven weeks later on July 9, 2015.[106] Nevertheless, when the Commission granted interim relief on August 14, 2015 (almost three months after PacifiCorp filed its application) it made the interim relief effective as of the date PacifiCorp filed its application—May 21, 2017.[107]

1. Intervenors' Requests Regarding the Timing of Relief Should be Rejected.

OneEnergy asks the Commission to hold that interim relief will only apply to applications for contract made after PGE filed its Application and Motion on June 30, 2017.[108] The Joint QF Parties ask the Commission to hold that interim relief will only apply to applications for contract made after the date the Commission issues an order on interim relief.[109]

Exempting all requests made before PGE filed its June 30, 2017 Application and Motion (OneEnergy's suggestion), or exempting all requests made before the date of the Commission's order on interim relief (the Joint QF Parties' suggestion), would render interim relief totally ineffective. Relief that applies to only those requests for contract made after June 30, 2017 will allow all but six of the currently proposed contracts to be executed.[110] Relief that applies to only those requests for contract made after the date of the Commission's order on interim relief will allow all of the proposed contracts to be executed. In fact, this likely underestimates the magnitude of the problem because PGE expects that it will continue to receive requests for standard contracts until the Commission has issued an order granting interim relief; in fact,

[105] Docket No. UM 1734, PacifiCorp's Application to Reduce the Qualifying Facility Contract Term and Lower the Qualifying Facility Standard Contract Eligibility Cap (May 21, 2015).
[106] Docket No. UM 1734, PacifiCorp's motion for Interim Relief (Jun. 9, 2015).
[107] Docket No. UM 1734, Order No. 15-241 at 3 (Aug. 14, 2015).
[108] Docket No. UM 1854, OneEnergy's Comments on PGE's Motion for Expedited Relief at 2 (Jul. 27, 2017).
[109] Docket No. UM 1854, NIPPC, CREA and REC's Joint Motion in Response to PGE's Motion for Interim Relief at 2 and 28 (Jul. 27, 2017).
[110] PGE/200, page 8.

requests for contract may increase significantly when PGE's IRP is acknowledged and it becomes clear that PGE's rates will decrease in the near future.[111]

Interim relief is only effective if it lowers the eligibility cap for standard prices or standard contracts and applies to all requests for standard contracts that did not achieve a LEO before PGE filed its Application and Motion. This is the relief that the Commission granted to Idaho Power and PacifiCorp and this is the relief that the Commission should grant to PGE.

In UM 1725 and UM 1734, the Commission expressly provided that interim relief would relate back to the dates Idaho Power and PacifiCorp filed their applications. The Joint QF Parties argue that PGE should not receive the same result because PGE's Application and Motion were a surprise.[112] Specifically, they argue that Idaho Power's filing was not a surprise because Idaho Power informed all QF parties in Docket No. UM 1610 that it intended to seek such relief months prior to filing.[113] The Joint QF Parties are referring to a stipulation filed by the parties in UM 1610 on February 20, 2015.[114] In early 2015, the parties to UM 1610 were tasked with developing an issue list for Phase II of the proceeding.[115] Idaho Power was in the process of obtaining a dramatically reduced eligibility cap and reduced PURPA contract term in the State of Idaho and it was interested in pursuing the same results in Oregon. However, the UM 1610 parties were not willing to agree that those issues should be part of the issue list for Phase II of UM 1610. As a result, when the parties filed a stipulated issue list in UM 1610 on February 20, 2015, Idaho Power felt compelled to include in the stipulation a reservation of its right to bring as a separate case matters related to the revision of the standard rate eligibility cap, the

[111] Indeed, PGE has already received at least 11 additional requests for standard contract since the July 28, 2017 date of its supplemental analysis of the magnitude of QF activity.
[112] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 36 (Jul. 27, 2017).
[113] *Id.*
[114] Docket No. UM 1610, Stipulation (Feb. 20, 2015).
[115] *Id.* at 1 (explaining status of efforts to develop an issue list for Phase II of Docket No. UM 1610).

appropriate maximum contract term, implementation of solar integration charges, and revision of Idaho Power's resource deficiency period.[116]

To the extent that Idaho Power's reservation of right in the February 20, 2015 stipulation provided notice that Idaho Power would file an application to lower the eligibility cap, it did so not because advanced notice was required but because Idaho Power was concerned about preserving its right to bring a separate proceeding. Simply put, Idaho Power did not want to be precluded from bringing its separate action because it had stipulated to an issue list that did not include a reduction of eligibility cap or contract term.

When PGE filed its Application and Motion, there was no parallel process of developing an issue list in UM 1610. There was no need for PGE to enter into a stipulation in UM 1610 reserving its right to file a separate action on eligibility caps and therefore there was no incidental "advanced notice" provided by such a stipulation. In short, there is no requirement to provide advanced notice two months before filing an application to amend the eligibility cap and Idaho Power only did so incidentally because it felt the need to reserve its rights as part of the process of developing an issue list for Phase II of UM 1610.

Importantly, PacifiCorp never provided such "advanced notice" of its application to reduce the eligibility cap or contract term, and yet the Commission did not reject its application or refuse to grant PacifiCorp interim relief that related back to the date PacifiCorp filed its application.[117] The Joint QF Parties' argument that PGE behaved improperly because it did not provide advanced notice of its application in the same way that Idaho Power did should be

[116] Docket No. UM 1610, Stipulation at 4 (Feb. 20, 2015).
[117] In UM 1734, CREA, REC Obsidian Renewables, and Cypress Creek Renewables ("Joint Parties") argued that PacifiCorp was "legally barred from seeking relief … on an interim basis or otherwise" because PacifiCorp executed the February 20, 2015 stipulation in UM 1610 without expressly reserving the right to request changes to the Commission's PURPA policy, as it applies to PacifiCorp, outside of UM 1610. Docket No. UM 1734, Response of Joint Response to PacifiCorp's Motion for Interim Relief at Parties at 3 (Jul. 14, 2015). The Commission rejected this argument and granted PacifiCorp interim relief. Docket No. UM 1734, Order No. 17-241 (Aug. 14, 2015).

rejected. Idaho Power's "advanced notice" was an artifact of the particular circumstances in UM 1610 at that time.

2. The Parties Received Proper Notice of PGE's Application and Motion.

The Joint QF Parties suggest that PGE has acted improperly and attempted to surprise developers with its June 30, 2017 Application and Motion.[118] There is no evidence to support this assertion. The Joint QF Parties complain that PGE did not serve the UM 1610 service list when it filed its Application and Motion,[119] but PGE was simply following the Commission's regular process and procedures. PGE's Application and Motion established a new contested case proceeding pursuant to ORS 756.500. At the time PGE filed its Application and Motion there were no parties to the proceeding to serve. PGE complied with all of the requirements for service in a contested case.[120] PGE assumed that the Commission's Administrative Hearings Division ("AHD") would provide notice of the Application pursuant to ORS 756.512, which it did on July 7, 2017, when it noticed a pre-hearing conference to discuss a schedule in UM 1854. PGE had no intent or interest in hiding its Application and Motion and posted notice of them on its QF website on July 6, 2017. It is PGE's understanding that any delay between its filing of an Application and Motion on June 30, 2017 and the AHD's posting of notice on July 7, 2017 was primarily a function of the intervening Fourth of July holiday.

There is no basis to conclude that PGE has acted in bad faith or that it's Application and Motion were not properly filed and noticed. In order to effectively protect PGE's customers, any interim relief granted to PGE should be made effective as of June 30, 2017 (the date PGE filed

[118] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 36 (July 27, 2017).
[119] *Id.*
[120] *See e.g.,* OAR 860-001-018(1) and (2) ("The Commission maintains an official service list for each contested case … Except as otherwise provided by statute or rule, a party completes service of any document by filing it electronically with the Filing Center.")

its Application and Motion), just as interim relief for Idaho Power and PacifiCorp related back to the date those utilities filed their application. At the very latest, interim relief should relate back to July 7, 2017—the date the AHD provided notice of PGE's Application and Motion.

3. Staff's Recommendations on Timing and Monitoring are Unjustified.

In its response to PGE's Motion, Staff recommends that the Commission "clarify that the new eligibility cap is not retroactive."[121] As its rational for this recommendation, Staff indicates that it is "concerned that PGE may not be adhering to the timing requirements of Schedules 201 and 202."[122] Specifically, Staff points to PGE's response to a data request issued by Strata Solar as the source of Staff's concern.[123] The data request in question is Strata Solar Data Request No. 010, which asked: "Is PGE currently processing Schedule 201 standard contract requests from solar facilities in accordance with Schedule 201 timelines?" In response, PGE stated:

> PGE is currently processing Schedule 201 standard contract requests from solar facilities in accordance with the Schedule 201 timelines. PGE has requested changes in eligibility criteria, including interim changes, effective June 30, 2017. PGE does not expect to provide executable Standard PPAs prior to Commission ruling on PGE's motion for interim relief.[124]

PGE does not understand why Staff is concerned with this response. It indicates that PGE is continuing to process requests for standard contract as required by Schedule 201. It further indicates that PGE does not expect to provide executable Standard PPAs before the Commission rules on PGE's motion for interim relief. The primary reason that PGE does not expect to provide executable Standard PPAs before the Commission has ruled on its Motion is because PGE has requested expedited consideration of its motion, seeking interim relief to be effective as

[121] Docket UM 1854, Staff's Response to PGE's Motion for Interim Relief at 8 (Jul. 27, 2017).
[122] *Id.*
[123] *Id.*
[124] Docket UM 1854, Staff's Response to PGE's Motion for Interim Relief at Attachment (Jul. 27, 2017) (a copy of PGE's response to Strata Solar Data Request No. 10 is attached to Staff's response).

of the date of PGE's application. PGE anticipates a decision on its Motion *before* PGE will be required to provide executable PPAs under Schedule 201. However, PGE is also reserving the right to refuse to provide an executable Standard PPA if one is due under Schedule 201 until such time as the Commission issues its decision on PGE's motion for interim relief. PGE believes that this is the proper course of action given that its pending Motion seeks relief that, if granted, would mean that no executable PPA is due. If PGE were to provide an executable PPA before the Commission rules on PGE's motion, it would foreclose the Commission's ability to grant the relief requested by PGE with regard to the project in question.

In any event, PGE is continuing to process all requests for standard contract, is not presently refusing to provide any executable PPAs because none are presently due under Schedule 201, and is hopeful that it will receive a decision on its motion for interim relief before any executable PPAs are due. This contrasts sharply with the approach that Idaho Power took when it applied for permanent and interim relief. In Idaho Power's case, it ceased all processing of standard contract requests between the date it filed its application and the date the Commission granted interim relief.[125] Several parties filed complaints against Idaho Power claiming it was acting in violation of Schedule 85.[126]

Under those facts, where Idaho Power was actually refusing to process standard contract requests and was facing actual complaints regarding such action, Staff saw nothing to object about and recommended interim relief (Staff recommended a 100 kW eligibility cap) effective

[125] Docket UM 1725, Idaho Power's Reply in Support of Motion for Temporary Stay at 6 (Jun. 9, 2015) (noting that on April 27, 2015, the same day it filed its application and motion for stay, Idaho Power wrote to QFs requesting standard contracts and informed them it would not take further action on their request until the Commission rules on the motion for stay.)
[126] *See* Docket Nos. UM 1733 and UM 1731.

on the date Idaho Power filed its application.[127] PGE does not understand why Staff would recommend a different outcome in this case when PGE has taken a less sweeping approach to the processing of pending requests for contract while it awaits a decision on its motion for interim relief.

In addition, and apparently based solely on PGE's response to Strata Solar Data Request No. 10, Staff has recommended that the Commission "require PGE to file a **monthly** report on QF contracting activity."[128] Staff states that the purpose of such reporting is "[t]o ensure that PGE adheres to the contracting and timing requirements in Schedule 201 and 202."[129] PGE objects to this highly unusual recommendation.

There is no evidence that PGE is failing to adhere to the contracting and timing requirements in Schedules 201 and 202. PGE takes its obligations to comply with the Commission's orders and PGE's schedules seriously and makes continuous good faith efforts to do so. If PGE fails to meet its obligations in any particular case, the Commission has a well-established complaint process to investigate and resolve any problems. That process works well and does not need to be supplemented with an *ad hoc* reporting requirement.

PGE's record of compliance with the Commission's PURPA orders and requirements is excellent. Over the last three years of intensive QF applications, there have been only eight complaints filed by applicants for QF contracts. Two of these were resolved and dismissed within one week of their filing. [130] Five more have been consolidated as they all involve the same

[127] Docket No. UM 1725, Order No. 15-199 at 4 (Jun. 23, 2015) ("Staff recommends that, on an interim basis and effective April 24, 2015, we (1) reduce the eligibility cap for standard avoided cost prices and standard contracts for solar and wind QFs from 10 MW to 100 kW, and (2) shorten the maximum contract term for solar and wind QFs over 100 kW to five years. … We adopt Staffs recommendation that the interim measure we adopt here be effective April 24, 2015—the date that Idaho Power filed its applications and motion for stay.").
[128] Docket UM 1854, Staff's Response to PGE's Motion for Interim Relief at 6 (Jul. 27, 2017).
[129] *Id.*
[130] *See* Docket Nos. UM 1784 and UM 1785.

developer and the same issue related to transfer capacity at PGE's point of delivery with the QF's transmission provider.[131] And the last complaint involves a dispute over the correct nameplate capacity of a bio-fuel QF.[132]The substance of these complaints does not involve an alleged failure by PGE to meet its timelines under Schedule 201.

In PGE's experience, the utility and QF applicants are generally able to resolve disputes or concerns without resorting to a formal complaint. Over the last three years PGE has processed dozens of applications for hundreds of megawatts of QF output with very little to no complaint from QF applicants. PGE suspects that its record of complaints arising from QF applications compares favorably to that of other utilities. There is no reason to treat PGE as though it has been proven to be unwilling to implement its schedules or the Commission's orders.

In sum, Staff has provided no evidence that PGE is not following its Schedule 201 and 202 processes and PGE urges the Commission to reject the proposed reporting requirement.[133]

F. The Interim Relief Requested by PGE is not an Illegal Effort to Prevent Off-System QFs.

The Joint QF Parties spend five pages of their response arguing that PGE's request for interim relief is an unlawful proposal to limit deliveries by off-system QFs.[134] This argument completely misconstrues the concept of "geographic arbitrage" as used by PGE in its motion and by the Commission in UM 1734.

[131] See Docket Nos. UM 1829, UM 1830, UM 1831, UM 1832 and UM 1833.
[132] *See* Docket No. UM 1844.
[133] If the Commission decides to require reporting, PGE asks the Commission to acknowledge that preparing such reports will further tax PGE's QF staff at a time when it is striving to process an unprecedented number of QF applications and that such reporting will also impose new review obligations on the Commission—PGE suggests that a quarterly report may be more efficient.
[134] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 23-28 (July 27, 2017).

In its Application and Motion PGE recognized that one of the reasons for providing PGE with interim and permanent relief is to address the problem of "geographic arbitrage."[135] This concern was first voiced by PacifiCorp in its motion for interim relief in UM 1734,[136] and was recognized as a valid concern by the Commission in its order granting interim relief to PacifiCorp.[137] In granting PacifiCorp's motion for interim relief, the Commission noted that the prevention of geographic arbitrage was one of the reasons it was granting relief:

> Furthermore, as PacifiCorp notes, having granted Idaho Power's request for interim relief in Order No. 15-199, a failure to provide a similar 3MW cap on solar QF project eligibility to PacifiCorp might well encourage developers to engage in geographic arbitrage.[138]

There is no suggestion that PacifiCorp or the Commission are trying to prevent or limit sales by off-system QFs. Indeed, the whole premise underlying the concern with geographic arbitrage is that every QF is free to wheel its net output to an off system utility that must purchase the output at avoided costs rates under PURPA. The point of the concern with "geographic arbitrage" is not that wheeling of off-system QF power should be prevented, but rather than the Commission does not want to create an artificial incentive for QF's to select one utility over another simply because one utility has a 10 MW eligibility cap for standard prices and the other utility has a 3 MW eligibility cap. Attempting to eliminate "geographic arbitrage" by imposing similar eligibility caps on all three utilities is entirely within the authority of the Commission and in no way violates FERC regulations or PURPA requirements regarding off-system QFs.

[135] Docket No. UM 1854, PGE's Application at 8 and PGE's Motion for Interim Relief at 8 (Jun. 30, 2017).
[136] Docket No. UM 1734, PacifiCorp's Motion for Interim Relief at 1-2 (Jul. 9, 2017).
[137] Docket No. UM 1734, Order No. 15-241 at 3 (Aug. 14, 2015).
[138] *Id.*

G. The Interim Relief Requested by PGE does not Violate FERC's Decisions on When a LEO is Formed.

The Joint QF Parties discuss the concept of a legally enforceable obligation, or LEO, for four pages of their response.[139] It is not entirely clear what the Joint QF Parties are seeking to establish. They state:

> In the event that the Commission does not clearly conclude that its policies only apply on a going forward basis [i.e., if the Commission provides PGE with retroactive relief like it did for Idaho Power and PacifiCorp], the Commission should allow QFs that requested but did not receive executable PPAs prior to the date of the Commission's order to seek a determination of whether those requests created a legally enforceable obligation in a separate proceeding.[140]

PGE agrees that any QF that believes it achieved a LEO *before the effective date of interim relief* should be allowed to seek a determination in a separate proceeding. The Commission should grant interim relief effective June 30, 2017, and provide that any entity that applied for a standard contract before that date and believes it established a legally enforceable obligation before that date can seek a determination in a separate complaint proceeding. This is how the Commission addressed the issue in UM 1725,[141] and this is what PGE proposed in its Motion.[142]

The Joint QF Parties then discuss a number of FERC rulings on the concept of a legally enforceable obligation. They note: "FERC's recent specific holdings have been that a state utility commission cannot impose a requirement to execute a PPA or interconnection agreement in

[139] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 28-31 (July 27, 2017).
[140] *Id.* at 28-29.
[141] Docket No. UM 1725, Order No. 15-199 at 7 (Jun. 23, 2015) ("Developers that requested but did not receive [standard contracts] prior to [the effective date of the interim relief] may seek a determination of whether those requests created a legally enforceable obligation in individual complaint proceedings.").
[142] Docket No. UM 1854, PGE's Motion for Interim Relief at 1-2 (Jun. 30, 2017) ("PGE further requests that the interim relief apply to all requests for PURPA contracts pending before PGE that have not achieved a legally enforceable obligation, as defined in Order No. 16-174, prior to June 30, 2017 [the date PGE filed its Application and the date PGE requests as the effective date of interim relief].").

order to form a legally enforceable obligation."[143] It is unclear why the Joint QF Parties are explaining this point. PGE is not asking the Commission to declare that a LEO only exists if a PPA is executed. PGE is proposing that the Commission use the LEO standards that it articulated in Order No. 16-174 to determine if any requests for standard contract established a LEO before the effective date of interim relief. PGE believes that the Commission's standards in Order No. 16-174 are consistent with PURPA requirements and FERC precedent.

To the extent that the Joint QF Parties are trying to argue that FERC's LEO precedent prevents the Commission from granting interim relief effective on the date PGE filed its Application and Motion, PGE disagrees. The Commission granted interim relief to Idaho Power and PacifiCorp that related back to the date they filed their applications for interim relief and there was no suggestion that this violated FERC's LEO precedent. All of the FERC precedent cited by the Joint QF Parties predates the Commission's grants of interim relief in UM 1725 and UM 1734. The approach adopted by the Commission in UM 1725 and UM 1734, and the approach requested by PGE in this case, is consistent with FERC case law.

H. PGE has not Acted in Bad Faith.

Finally, the Joint QF Parties have made a series of baseless claims that PGE has acted in bad faith.[144] The Joint QF Parties complain that PGE attempted to hide its Application and Motion because it did not serve courtesy copies of the Application and Motion on the service list in UM 1610.[145] This is a baseless charge. PGE has no interest in hiding its Application or Motion and filed them in compliance with ORS 756.500 and the Commission's regular process. PGE

[143] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 30 (July 27, 2017).
[144] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 35-39 (July 27, 2017).
[145] *Id*. at 36.

expected that the Commission's hearings division staff would provide notice of the Application and Motion, which it did on July 7, 2017.

The Joint QF Parties further accuse PGE of taking "egregious actions in the negotiation process to delay PPA requests past the date of any Commission order."[146] They then list a series of totally unsubstantiated allegations of misconduct. But the Joint QF Parties provide no evidence of any of the alleged misbehavior. Indeed, there is no reason to believe that the Joint QF Parties could provide any such evidence as they are all trade associations and none of them has ever made a request to PGE for a standard contract. The Commission should reject the Joint QF Parties' attempt to attack PGE through rumor and hearsay. The Commission has a well-established formal complaint process that is available to any QF developer who has actually requested a QF contract from PGE and has a specific and verifiable claim that PGE has behaved in violation of Commission order. If any applicant has a concern about how PGE is processing its requests for contracts, the applicant should bring their concerns to PGE's attention and the parties can attempt to resolve any differences in good-faith. If that fails, the applicant should file a complaint with the Commission rather than rely on its trade association to make unsubstantiated claims of bad faith behavior.

III. CONCLUSION

For all of the reasons stated above, PGE respectfully requests that the Commission issue an order:

1. Lowering the eligibility cap for a solar QF to obtain standard prices from 10 MW to 3 MW; and

2. Declaring that a solar QF with capacity above 100 kW is not eligible for a standard contract or standard prices from PGE if any owner of the solar

[146] Docket No. UM 1854, NIPPC, CREA and REC's Joint Response to PGE's Motion for Interim Relief at 36 (July 27, 2017).

QF has requested or obtained standard prices from PGE for more than 10 MW of aggregate solar QF capacity; or

3. In the alternative, an order lowering the eligibility cap for a solar QF to obtain standard prices to 2 MW; or

4. In the alternative, and at minimum, lowering the eligibility cap for a solar QF to obtain standard prices to 3 MW.

PGE requests that interim relief become effective June 30, 2017 (the date the Application and Motion were filed) or, at the latest, on July 7, 2017 (the date the AHD noticed the Application and Motion). PGE requests that interim relief apply to all requests for contract pending before PGE that did not achieved a legally enforceable obligation before the effective date of the interim relief. PGE requests that the Commission issue an order granting interim relief on or before August 17, 2017.

Dated this 3rd day of August 2017.

Respectfully submitted,

/s/ V. Denise Saunders

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