

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

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In the Matter of

Public Utility Commission of Oregon,

Investigation into PURPA Implementation

COMMUNITY RENEWABLE
ENERGY ASSOCIATION,
NORTHWEST & INTERMOUNTAIN
POWER PRODUCERS COALITION,
AND THE RENEWABLE ENERGY
COALITION’S COMMENTS ON
STAFF’S SOLAR-PLUS-STORAGE
RATE STRAW PROPOSAL

The Community Renewable Energy Association (“CREA”), the Northwest & Intermountain Power Producers Coalition (“NIPPC”), and the Renewable Energy Coalition’s (the “Coalition”) (collectively the “QF Trade Associations”) hereby respectfully submit these comments on the Oregon Public Utility Commission (“OPUC” or the “Commission”) Staff’s Straw Proposal for a standard rate for solar-plus-storage qualifying facilities (“QFs”) circulated on April 5, 2023 (“Staff’s Straw Proposal”). As explained below, the QF Trade Associations support Staff’s Straw Proposal and also support Staff’s revised procedural steps for implementing the standard solar-plus-storage rates. However, the QF Trade Associations also recommend that in approving the interim standard rate, the Commission should clarify in its order that the availability of this interim standard rate for eligible QFs does not limit the right of any other QF utilizing storage to negotiate a non-standard rate with a utility under the Commission’s approved methodologies for non-standard rates. Such clarification is necessary to ensure that creation of this standard rate for certain small QFs meeting specific criteria is not

misinterpreted to prevent use of non-standard rates by storage QFs that are ineligible for the standard rate due to nameplate capacity or the storage configuration and technology used.

A. Staff's Straw Proposal Is Reasonable

Staff's Straw Proposal includes the common elements for a solar-plus-storage rate proposed by QF Trade Associations and the utilities. Specifically, Staff's Straw Proposal for an interim solar-plus-storage standard rate utilizes a volumetric rate that allocates capacity payments to the "premium peak" hours of greatest capacity need to incent charging and discharging of the battery energy storage system consistent with the purchasing utility's peak capacity needs.¹ It allows each utility to propose its own unique premium peak hours and capacity contribution value for the solar-plus-storage QFs, but the peak hours approved by the Commission would be locked in for the term of the QF's power purchase agreement.² The standard rate would be available to AC-connected or DC-connected solar-plus-storage QFs with power production capacity (as measured at the point of interconnection) of 3 megawatts ("MW") or less, and which utilize up to four-hour battery system. Solar-plus-storage QFs with capacity in excess of 3 MW, or different configurations than authorized for the standard rate, could negotiate a non-standard rate.³

Staff's Straw Proposal also addresses concerns raised by the utilities. Most significantly, certain utilities have expressed concern with a "land rush" of small QFs locking in the interim rate before a potentially more complex rate mechanism can be developed through lengthy

¹ Staff's Straw Proposal, pp. 3-5.

² Staff's Straw Proposal, p. 4.

³ Staff's Straw Proposal, p. 3.

adjudication in later phases of this docket. Staff’s Straw Proposal addresses that concern by including a 50-MW cap on available power purchase agreements utilizing the interim standard solar-plus-storage rate per utility.⁴ Staff proposes that, if reached, such cap could be lifted or otherwise become inapplicable after a “review has been completed by the OPUC to investigate the appropriateness of the interim standard solar plus storage rate.”⁵

While the QF Trade Associations do not generally support the use of caps, they can support Staff’s proposed cap under the unique circumstances here to facilitate near-term implementation of the interim standard rate provided that certain additional clarifications are provided. First, the QF Trade Associations’ support is conditioned upon the Commission clarifying that the 50-MW cap per utility applies only to the interim *standard* rate, and that any solar-plus-storage QF that would have been eligible for the standard rate will remain eligible to negotiate a non-standard rate if the cap is reached.⁶ Second, the QF Trade Associations recommend that the Commission clarify that QFs with power production capacity of 100 kilowatts (“kW”) or less should continue to be eligible for the standard solar-plus-storage rate even if the 50-MW cap is reached for any utility because federal law requires that standard rates be offered to such QFs.⁷ Third, the QF Trade Associations’ support is conditioned on the

⁴ Staff’s Straw Proposal, pp. 5-6.

⁵ Staff’s Straw Proposal, p. 5.

⁶ *See Hydrodynamics Inc.*, 146 FERC ¶ 61,193, P 34 (Mar. 20, 2014) (holding 50-MW cap on wind QFs with capacity in excess of 100 kW violated PURPA because no PURPA-compliant fixed-rate option was offered to such wind QFs after cap was reached).

⁷ 18 CFR § 292.304(c) (standard rates required for QFs with capacity of 100 kW or less); *see also Franklin Energy Storage One, LLC v. Kjellander*, Case No.: 1:18-cv-00236-REB, 2020 U.S. Dist. LEXIS 8892 at **43-47 (D. Id., Jan. 17, 2020) (holding Idaho PUC violated PURPA

Commission clarifying that it will not allow the affected utility to delay in proposing revisions, if any, to address any concerns it has with the interim standard rate, and the Commission will take actions to prevent protracted periods with no standard rate option for solar-plus-storage QFs up to 3 MW in capacity (or the otherwise established eligibility cap for standard solar rates).

B. Staff’s Procedural Proposal Is Reasonable

The QF Trade Associations also support Staff’s procedural revisions to implement the proposed standard rate for solar-plus-storage QFs. Under Staff’s proposal, the Commission would approve Staff’s Straw Proposal at the public meeting on May 16, 2023, and the utilities will each propose their specific rate by July 31, 2023.⁸ After opportunity for workshops and comment on the proposals, the rates would be subject to Commission review and approval at a public meeting on September 21, 2023.

Although the QF Trade Associations initially expected the standard rates to go into effect with the May 1st Updates, the QF Trade Associations do not oppose the delay included with Staff’s Straw Proposal. The utilities expressed a need for additional time to implement the interim standard rate, and Staff’s revised proposal accommodates that request without unnecessarily delaying the interim standard rate’s availability to small QFs.

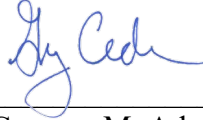
by categorizing solar-plus-storage QFs as solar QFs and limiting them to standard rate options for solar QFs).

⁸ Staff’s Straw Proposal, p. 6.

Dated this 25th day of April 2023.

Respectfully submitted,

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