

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2000

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 PROCESS PROPOSAL
AND SCOPE

I. INTRODUCTION

The Community Renewable Energy Association (“CREA”), the Northwest & Intermountain Power Producers Coalition (“NIPPC”), and the Renewable Energy Coalition (the “Coalition”) (collectively the “QF Trade Associations”) hereby respectfully submit these comments on the proposed schedule and scope of the reopening of this docket in response to the Oregon Public Utility Commission (“OPUC” or the “Commission”) Staff’s Process Proposal and Scope Workshop Announcement (“Staff’s Proposal”).¹

II. COMMENTS

A. Schedule and Process

Staff released its proposed schedule and process for the docket. Staff proposes conducting Phase 1 to resolve threshold issues and narrow issues with a public meeting

¹ Staff’s Proposal and Scope and Workshop Announcement (Nov. 1, 2022).

decision at the end of Phase 1.² Staff's Proposal has Phase 2 as a contested case proceeding to address issues related to avoided cost calculation with discovery and the presentation of facts for technical data.³ Lastly, Staff's Proposal has Phase 3 for planning and administration or implementation of the issues from Phase 1 and 2 through a rulemaking or Commission public meeting decisions.⁴

The QF Trade Associations recommend limiting the number of issues to be addressed in a contested case proceeding as much as possible. Contested case proceedings are resource intensive and expensive because stakeholders need to hire experts for testimony, participate in hearings, and submit several rounds of legal briefings. It also requires parties to hire experts and lawyers for multiple rounds of evidentiary adjudication when the questions asked are predominantly policy questions. A contested case proceeding also favors the parties with the resources to do so, which in this case is the utilities. It discourages public participation and even the ability to fully participate by some of the non-utility groups that do not receive intervenor funding in Commission proceedings. If parties identify issues that truly require expert testimony or disputed facts, there may be some merit to an evidentiary phase, but the QF Trade Associations recommend resolving as many issues as possible in Phase 1 to forgo the need for a contested case proceeding or, at the very least, limit the scope of issues to be addressed in a contested case proceeding. Additionally, the contested case proceeding

² Staff's Proposal and Scope and Workshop Announcement at 2-3.

³ Staff's Proposal and Scope and Workshop Announcement at 3.

⁴ Staff's Proposal and Scope and Workshop Announcement at 4.

should be limited after the Commission provides strong direction on the issues at the close of Phase 1.

It is possible to address all, or at least most, of these issues in a workshop and comments type proceeding. In Washington, the Washington Utilities and Transportation Commission (“WUTC”) updated its rules related to the purchases of electricity from qualifying facilities through workshops, several notices of opportunity to file comments, and comments on proposed rules.⁵ Thus, it is possible to complete this docket without a contested case proceeding or with a very limited contested case proceeding with strong Commission guidance before the start of the contested case proceeding. The QF Trade Associations recommend addressing as many issues as possible through workshops and comments.

B. Scope and Issues

The QF Trade Associations have several recommendations to the proposed scope and issues to be addressed in UM 2000. First, this docket should resolve additional outstanding items from UM 2011. While the QF Trade Associations appreciate Staff’s references to UM 2011 on some items, the proposed scope and issues do not clearly identify: 1) the treatment of existing/renewing QFs, including the appropriate capacity payment;⁶ 2) the need for a generic resource-agnostic capacity valuation that could be

⁵ See *In re Amending, Adopting, and Repealing Sections of WAC 480-106 and 480-107 Relating to the Public Utility Regulatory Policies Act*, WUTC Docket No. U-161024.

⁶ *In re Commission General Capacity Investigation*, Docket No. UM 2011, Staff Report at 13 (Nov. 21, 2022) (“Staff notes that the treatment of renewing QF

used as guidance for all use cases and not only PURPA purposes, which UM 2011 did not provide; and (3) whether avoided capacity costs should be calculated based on the purchasing utility's existing portfolio of committed resources or, as the best practices adopted in UM 2011 adopted for IRP purposes, based on the speculative future portfolio identified for years into the future in the IRP.⁷ Staff asked for clarification on which phase should address whether capacity contribution calculation will include a utility's preferred portfolio, committed resources only, or some other option.⁸ The QF Trade Associations believe this issue should be addressed in Phase 2 because it is a more technical issue.

Second, the QF Trade Associations recommend that a standard rate and contract addendum for hybrid resources (e.g., solar plus storage) be addressed immediately before this docket begins or on an expedited basis within this docket. This is an easy fix to allow hybrid resources while stakeholders work through the various issues in the docket. This docket could take several years to be resolved, so there should be a standard rate and contract in place for the time being to allow for the development of these hybrid resources and help Oregon reach its clean energy targets from House Bill 2021. The QF Trade Associations are willing to work with stakeholders to establish the temporary

contracts may be better determined and discussed more in-depth in UM 2000.”); *see also* Docket No. UM 2011, Coalition's Comments on Staff's Announcement at 4-6 (Oct. 24, 2022).

⁷ Docket No. UM 2011, Coalition's Comments on Staff's Announcement at 6-8 (explaining the issue and recommending further action in UM 2000).

⁸ Staff email to stakeholders (Dec. 7, 2022).

standard hybrid rate and contract. Existing information from the utilities' IRP could be used to calculate the rate. Additionally, parties easily could develop a standard contract addendum to govern when the battery must be dispatched or charged. For example, Duke Energy has an energy storage addendum to its standard contract for hybrid qualifying facility resources, as well as standard storage rates.⁹ The Duke storage addendum is less than two pages long and demonstrates that this issue is not too complicated to implement in a standard contract. Thus, it is possible to develop a hybrid rate and contract addendum, and the QF Trade Associations recommend a process is started immediately to develop a hybrid standard rate and contract addendum for the interim until this docket is resolved.

Third, the QF Trade Associations recommend adding Docket Nos. AR 630 and UM 2038 to the list of dockets. AR 630 is the docket for templates for standard avoided cost inputs and outputs and UM 2038 is the docket for investigation into treatment of qualifying facilities in the utility IRP process. These were not included in Staff's Proposal, and the QF Trade Associations want to make sure these dockets are included.

Fourth, Staff asked for clarification on which competitive pricing methods for obtaining a long-term power purchase agreement ("PPA") would be in scope and if there

⁹ See *In re Biennial Determination of Avoided Cost Rates For Electric Utility Purchases From Qualifying Facilities*, N. Carolina Pub. Util. Comm'n Docket No. E-100, Sub 175, Exhibit 3 at Exhibit A, available at: <https://starw1.ncuc.gov/NCUC/ViewFile.aspx?Id=926af082-16cf-4468-9c95-0de17b02f7b1> (Attached hereto as Attachment A).

was appetite for including competitive pricing methods.¹⁰ The QF Trade Associations have no appetite for a competitive pricing method and would not be able to comment on the merits of any of the utilities’ proposals without seeing it. However, using competitive solicitations as the sole means to obtain a long-term PPA would not be in the scope of this docket because Oregon’s competitive bidding rules do not comply with the Federal Energy Regulatory Commission’s Order No. 872 requirements—most significantly Order No. 872’s requirement that the solicitation be administered by a neutral third party.¹¹ Because Oregon’s rules allow the purchasing utility to administer the solicitation, score the bids, and select the winning resource, it would be illegal for the Commission to require a qualifying facility to win a competitive solicitation to obtain a long-term PPA. Thus, using *only* competitive solicitations to obtain a long-term PPA should not be an issue stakeholders spend time briefing. The issue of the use of competitive pricing could be moved to Phase 2 if it is limited to the technical issues of whether and how to use the prices from a competitive solicitation to inform or set administratively determined long-term prices.

¹⁰ Staff email to stakeholders (Dec. 7, 2022).

¹¹ *Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978*, Order No. 872-A, 173 FERC ¶ 61,158, PP 181-231 (Nov. 19, 2020). The solicitation must, among other requirements, be transparent and non-discriminatory, which requires that “the competitive solicitation not be administered by the purchasing electric utility itself or its affiliates, but rather by a separate, unbiased, and unaffiliated entity not subject to being influenced by the purchasing utility.” *Id.* at P 223 (quoting Order No. 872, 172 FERC ¶ 61,041, P 435 (July 16, 2020)).

Fifth, Staff asked whether the issue of termination of non-standard contracts during sufficiency period could be moved to Phase 3.¹² This would be acceptable to the QF Trade Associations.

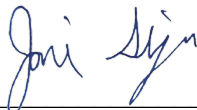
III. CONCLUSION

The QF Trade Associations appreciate this opportunity to comment and look forward to future engagement in this docket.

Dated this 22nd day of December 2022.

Respectfully submitted,

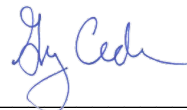
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¹² Staff email to stakeholders (Dec. 7, 2022).

Attachment A

Duke Energy's PPA Energy Storage Addendum

EXHIBIT A
ENERGY STORAGE PROTOCOL

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., system operator instruction) from the system operator if such discharge would cause the total output of the Facility to exceed the level permitted by the system operator instruction.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, at any time that the facility is not generating, unless the system operator has waived this ramping limitation.
6. Scheduling for capturing peak pricing periods and other storage limitations:
 - a. For all months/days with discrete capacity rate hour window periods ("Capacity Hour Window"), the Seller shall distribute any intended energy storage discharge of the storage device in a manner that levelizes (holds constant), on an expected basis, the total output of the Facility at the highest practical level over the duration of each specific Capacity Hour Window selected by the Seller for energy storage discharge of such calendar day, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement. For clarity, total output of the Facility is not required to be held at the same level across separate Capacity Hour Windows occurring on a single calendar day, if any. Where a calendar day has more than one set of Capacity Hour Windows, the Seller may, at its discretion, elect to discharge storage across either or both of the Capacity Hour Windows, provided that the intended energy storage discharge for each Capacity Hour Window is distributed in a way that holds total Facility output constant across the respective Capacity Hour Window.
 - b. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.
 - c. For the months without Capacity Hour windows, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.

7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make commercially reasonable efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated to do so in a way that compromises their original economic value contemplated for storage resource.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

Notes:

- a) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.