

February 25, 2019

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: UM 2001 Staff Recommendation for enhanced update of PURPA Avoided Cost values and to require utilities to provide certain interconnection information

I. INTRODUCTION

At the Public Utility Commission of Oregon (Commission) February 14, 2019, public meeting (February 14th Meeting) the Commission opened a proceeding to engage in a comprehensive investigation of Oregon's implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA), docket UM 2000. In that same public meeting, the Commission also opened a proceeding under docket UM 2001 to allow it to consider whether to order interim PURPA implementation relief measures based on Commission Staff's February 7, 2019, report (Staff Report), and the responsive comments from interested parties. During the February 14th Meeting, the Commission requested that Staff issue a subsequent recommendation regarding the form of interim relief the Commission should adopt. On February 21, 2019, Commission Staff issued its recommendation (Staff Recommendation) in support of enhanced updates to the utilities' avoided cost pricing, and further recommending that the Commission require utilities to provide certain additional interconnection information to qualifying facilities. PacifiCorp offers these brief responsive comments for the Commission's consideration as it determines appropriate PURPA interim relief measures in docket UM 2001.

II. AVOIDED COST PRICING ENHANCEMENTS

The Staff Recommendation concluded that the Commission should order avoided cost pricing updates in line with Path C as it was described in the Staff Report, subject to a handful of additional modifications. Instead of immediate implementation, Staff recommends the enhancements be fully implemented by April 23, 2019, while also specifying that a qualifying facility (QF) that has submitted its pricing request to a utility prior to February 14, 2019, will be able to establish a LEO for pre-enhancement avoided pricing. No interim changes would be made to Standard Contract eligibility threshold. Under staff's revised recommendation interested parties will have an opportunity to provide comments on the utilities enhanced avoided cost filings, and utilities will have a week to modify their enhanced avoided costs filings, as necessary, in response to those comments. The Staff Recommendation also lists the discrete

elements of avoided cost pricing that are subject to update; the capital costs of avoided resources, fixed operation and maintenance costs, capacity factors of avoided renewable resources, updates to forward electricity and natural gas prices, and changes to the status of production tax credits. Based on PacifiCorp's suggestion in its February 12, 2019 comments, Staff recommend allowing the utilities to make additional updates to elements that have changed as a direct result of the 2018 federal tax law changes. Staff also recommends, contrary to PacifiCorp's comments, that affected inputs such as "resource-specific cost de-escalation for renewable resources," and inflation should be excluded.

PacifiCorp's positions on the current standard avoided cost pricing methodology are well known by the Commission and are more fully discussed in its February 12, 2019, comments and in other Commission proceedings. PacifiCorp continues to believe that more comprehensive changes to the methodology are needed to better meet PURPA's customer indifference requirement, and PacifiCorp plans to pursue those changes in UM 2000. However, for the purpose of interim relief, PacifiCorp generally supports the process described by Staff and some of the avoided cost price enhancements proposed in the Staff Recommendation. In particular, PacifiCorp supports the clear direction Staff's recommendation provides by marking February 14, 2019, as the date when a LEO may be formed for avoided costs prior to the enhancements. This recommendation will help to minimize potential conflicts as the Commission considers further necessary changes to avoided cost methodology changes in its more comprehensive PURPA investigation. PacifiCorp maintains the view that the additional enhancements it proposed in its earlier comments would yield even more accurate interim avoided cost pricing. The Commission has sufficient information in this and other dockets to order a correction now to the non-renewable/renewable issue, which is clearly inconsistent with PURPA's customer indifference principle. While the Staff Recommendation will enhance avoided cost pricing accuracy beyond the current approach, it fails to correct important elements of standard avoided cost prices. PacifiCorp asks that the Commission consider including the additional enhancements it proposed in its February 12, 2019, comments. PacifiCorp will also provide with its filing incorporating the enhancements proposed by Staff a comparison to the prices that would result if the additional enhancements PacifiCorp proposes were included so that Staff, stakeholders, and the Commission may consider including them.

Based on the Staff Recommendation, PacifiCorp requests Commission clarification on one item—the proper treatment of the solar capacity contribution. Staff's only discussion of the solar capacity contribution is with regard to Portland General Electric's (PGE) comments. Yet, PacifiCorp has recently provided information on its updated solar capacity contributions incorporating the effect of additional solar penetration in its system as part of its 2019 IRP public input process. PacifiCorp believes it would be appropriate to include this updated information when it files its enhanced avoided cost updates. Accordingly, PacifiCorp respectfully requests that, in any order adopting the Staff Recommendation's avoided cost enhancements, the Commission also clarify that PacifiCorp may utilize the updated solar capacity contributions included in PacifiCorp's 2019 IRP public input process in calculating its enhanced avoided cost prices. This clarification would be consistent with the update that the Staff Recommendation allows for PGE.

III. INTERCONNECTION INFORMATION

In the Staff Report interim measures to increase the transparency of the QF interconnection process were proposed. PacifiCorp's February 12 Comments, and its oral comments at the February 14 Meeting largely supported this recommendation. However, PacifiCorp offered comments to clarify what could reasonably be provided and to express some concerns. The Staff Recommendation offers additional clarification to the scope of its recommendation that is responsive to PacifiCorp's comments. Staff states that additional information is to be provided to qualifying facilities "for their projects." This largely resolves PacifiCorp's concern that the information requirement was intended to be more general in scope. More importantly, Staff also recommends two stakeholder workshops to further develop the details of its proposed interim measure, which will help avoid confusion among the utilities about what the measure requires.

As PacifiCorp stated at the February 14 Meeting, it believes that workshops are necessary to further refine the details of the interconnection interim measure to avoid unintended consequences and potentially inefficient or costly requirements. The workshops Staff recommends will provide an opportunity for stakeholders to address the potential national security concerns raised by Idaho Power and PGE, and to more clearly define what will be required of utilities to comply with these new information requirements. Staff also notes that it is considering hiring an independent consultant to independently provide similar information to QFs if stakeholders are unable to work productively with Staff to make additional interconnection information available. In its case, PacifiCorp does not believe such a consultant will be necessary, because PacifiCorp has already made clear in its prior written comments and at the February 14th Meeting that it is willing to work with Staff and other stakeholders to provide additional interconnection information in line with Staff's proposal. PacifiCorp looks forward to working with the interested parties in the workshops proposed by Staff to develop a functional and efficient mechanism to further increase the transparency of its interconnection process.

IV. CONCLUSION

PacifiCorp appreciates this opportunity to offer written comments to the Staff Recommendation's proposed interim relief measures. The Staff Recommendation refined Staff's recommended interim measures and reasonably incorporated input from the interested parties and the Commission's in very short order. PacifiCorp appreciates Staff's efforts in this regard. PacifiCorp also generally supports the Staff Recommendation, subject to the limited clarifications and concerns expressed in these comments. Staff's avoided cost pricing enhancements will provide reasonable interim improvements as the Commission investigates more substantive reforms, and the proposed workshops for the interconnection information interim measure provide stakeholders the opportunity to further refine that proposal to mitigate the concerns that PacifiCorp and the other utilities have raised. With the understanding that each of these proposed interim measures are just that, and that PacifiCorp and others will work in the UM 2000 docket to pursue more comprehensive reforms, the Commission should approve the

Public Utility Commission of Oregon

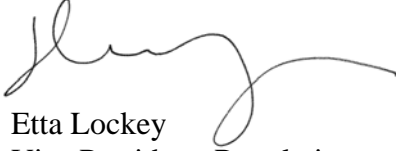
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proposals in the Staff Recommendation and provide the clarifications that PacifiCorp requests herein.

Please direct any questions about this filing to me at (503) 813-5701.

Sincerely,

A handwritten signature in black ink, appearing to read 'Etta Lockey', with a long, sweeping horizontal flourish extending to the right.

Etta Lockey
Vice President, Regulation