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**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UM 2032 – Investigation into the Treatment of Network Upgrade Costs for Qualifying Facilities**

Attention Filing Center:

Attached for filing in the above-captioned docket are the Joint Utilities' Comments on Staff's Amended Proposed Issues List.

Please contact this office with any questions.

Sincerely,

*/s/ Alisha Till*

Alisha Till  
Paralegal

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2032**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON,

Investigation into the Treatment of Network  
Upgrade Costs for Qualifying Facilities.

**JOINT UTILITIES' COMMENTS ON  
STAFF'S PROPOSED ISSUES LIST**

1 Idaho Power Company, Portland General Electric Company, and PacifiCorp, dba Pacific  
2 Power (together, the Joint Utilities) submit these comments in response to Staff's Proposed Issues  
3 List, as amended, for Phase I of docket UM 2032, which was circulated informally on April 22,  
4 2020, and filed on April 28. The Joint Utilities appreciate Staff's efforts to understand all  
5 stakeholders' concerns and to develop an appropriate issues list for the initial phase of this docket.  
6 The Joint Utilities look forward to working collaboratively with all parties to fully develop the  
7 record and assist the Public Utility Commission of Oregon (Commission) in achieving a durable  
8 resolution of the issues in this docket.

**I. INTRODUCTION**

9 Staff proposes that the initial phase of UM 2032 examine two issues:

- 10 1. Who should be required to pay for Network Upgrades necessary to interconnect the  
11 QF to the host utility?
- 12 2. Should on-system QFs be required to interconnect to the host utility with Network  
13 Resource Interconnection Service (NRIS) or should QFs have the option to  
14 interconnect with Energy Resource Interconnection Service (ERIS) or an  
15 interconnection service similar to ERIS?

1           The Joint Utilities support inclusion of the issues Staff identified, the sequence of these  
2 issues, and the neutral phrasing of Staff’s Proposed Issues List for Phase I. The Joint Utilities  
3 recommend that the initial phase of this docket focus only on these two issues, which implicate  
4 significant legal, factual, and jurisdictional questions.

5           The Joint Utilities understand that the Northwest & Intermountain Power Producers  
6 Coalition, the Renewable Energy Coalition, and the Community Renewable Energy Association  
7 (collectively, QF Parties) seek to include several additional issues related to third-party review of  
8 interconnection studies, third-party construction of interconnection upgrades, the process for  
9 challenging utility interconnection studies, and how to use power flow studies to review identified  
10 Network Upgrades. The Joint Utilities agree with Staff that additional interconnection issues, such  
11 as those proposed by the QF Parties, should be considered in a subsequent phase of this docket, or  
12 in a separate docket, and should not be included in the initial phase of UM 2032.

13           Examining issues related to the Commission’s general interconnection requirements and  
14 processes, as the QF Parties propose, will require additional parties to be involved, beyond just  
15 utilities and QFs, and will significantly expand the factual and legal issues in this docket. Instead  
16 of examining the QF Parties’ proposed issues now, it would be more efficient and logical to  
17 reevaluate the Commission’s interconnection requirements and processes in a holistic manner, as  
18 Staff recommends, and to undertake this evaluation after the foundational cost-allocation and  
19 interconnection-service issues have been resolved. The Joint Utilities also would like to propose  
20 reforms to the current interconnection requirements and process, but including several additional  
21 interconnection issues in this phase of the docket would only hamper resolution of the significant  
22 and complex issues that the Commission seeks to resolve.

## II. DISCUSSION

### A. Staff's proposed issues list appropriately frames the issues for Phase I.

The fundamental question the Commission must address in this docket is how to allocate the costs of interconnection-driven Network Upgrades caused by QFs. Staff's proposed Issue 1 appropriately reflects this issue in a straightforward and neutral way by asking the Commission to determine who should be required to pay for Network Upgrades necessary to interconnect the QF to the host utility. The Joint Utilities agree that this issue should be included in the initial phase of this docket and that the wording of the issue is reasonable.

The Joint Utilities also support Staff's proposed Issue 2, which addresses the appropriate type of interconnection service for QFs. Staff's phrasing of Issue 2 reflects the question the Commission must resolve in a neutral manner and should be adopted. The Joint Utilities emphasize that it is not useful to examine the NRIS question without also confirming the Commission's cost-allocation policies, and therefore the Joint Utilities support addressing Issues 1 and 2 together.

If the Commission modifies its long-standing policy and decides to shift the costs of interconnection-driven Network Upgrades onto retail customers, then the Joint Utilities also agree with Staff's proposal to address *how* the costs of Network Upgrades should be paid by customers in a subsequent phase of docket UM 2032.<sup>1</sup> As Staff's recommended approach recognizes, it would be inefficient for parties to litigate how to allocate costs without first determining who must bear them.

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<sup>1</sup> The Joint Utilities understand that the scope and specific phrasing of issues for Phase II are not being determined at this time.

1        **B. Staff’s proposed issues list should not be expanded to include additional issues.**

2            Based on the QF Parties’ initial scoping comments and statements at the scoping workshop,  
3 Staff and the Joint Utilities understand that the QF Parties seek to add the following additional  
4 issues to this initial phase of UM 2032:

- 5            1. “The appropriate circumstances under which an Interconnection Customer should  
6            be provided an option to build (or hire third-parties to build),”
- 7            2. “The appropriate circumstances under which an Interconnection Customer should  
8            have an opportunity to hire third parties to perform Interconnection Studies,”
- 9            3. “[T]he appropriate process through which an Interconnection Customer may  
10           challenge utility cost estimates and propose alternatives,”<sup>2</sup> and
- 11           4. “In what circumstances should identified transmission upgrades [] be reviewed  
12           using power flow analysis to confirm that the upgrades are necessary and prudently  
13           designed and sized.”<sup>3</sup>

14           Addressing the QF Parties’ proposed issues likely would raise questions about the scope  
15 of a utility’s authority to control the facilities installed on its own system, the reasonableness of  
16 the utilities’ interconnection standards and methodologies, and the timeliness and accuracy of  
17 utility studies, among others. While the Joint Utilities recognize that all stakeholders—including  
18 the Joint Utilities—would like to address additional interconnection issues beyond those in Staff’s  
19 Proposed Issues List, the Joint Utilities oppose addressing the QF Parties’ proposed additional  
20 issues in the initial phase of docket UM 2032. Addressing the QF Parties’ issues would  
21 significantly expand the scope of docket UM 2032 and complicate efforts to timely resolve the key  
22 issues in this docket. Their proposal also could result in an inefficient and piecemeal revision of

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<sup>2</sup> NIPPC, The Coalition and CREA Comments on Staff’s Draft Issues List at 7-8 (Apr. 9, 2020).

<sup>3</sup> Staff’s Amended Proposed Issues List at 3 (Apr. 28, 2020). This specific issue was not proposed by the QF Parties in their written comments but appears to be Staff’s effort at capturing an issue that was raised by QF participants at the scoping workshop.

1 the current interconnection rules.

2 **1. The Commission ordered a narrow scope for docket UM 2032, focusing**  
3 **on QF interconnection issues.**

4 Staff recommended that the Commission open this docket to “investigate the treatment of  
5 network upgrade costs for QFs.”<sup>4</sup> Staff wanted “to examine whether it is appropriate to require  
6 QFs to select NRIS and in any event, whether it is appropriate to allocate costs of Network  
7 Upgrades to QFs.”<sup>5</sup> The Commission adopted Staff’s recommendation to open this docket, but at  
8 the urging of the QF Parties, also directed the Administrative Hearings Division to “consider,  
9 following a prehearing conference and after considering recommendations from the parties,  
10 *whether* the scope of the investigation into the treatment of network upgrade costs for QFs should  
11 be expanded to include a *limited number of additional, discrete issues related to interconnection*  
12 *of QFs.*”<sup>6</sup> Thus, the primary issues the Commission seeks to resolve in this case are cost-allocation  
13 issues under PURPA and the appropriate type of interconnection service for QFs. The  
14 Commission did not require that additional issues be included, particularly issues that are not  
15 specific to QF interconnections and that do not implicate the same legal and policy issues.

16 **2. Adding the QF Parties’ issues will complicate and potentially delay**  
17 **resolution of the important issues the Commission seeks to resolve in this case.**

18 Although Staff’s Proposed Issues List includes just two issues, those issues are legally and  
19 factually complex, raise significant jurisdictional questions, and require a fully developed legal  
20 and factual record. As previewed in the Joint Utilities’ Initial Comments on Scope and Proposed

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<sup>4</sup> *In the Matter of the Pub. Util. Comm’n of Oregon, Request to Adopt a Scope and Process for the Investigation into PURPA Implementation*, Docket No. UM 2000, Order No. 19-254, App’x A at 1 (July 31, 2019).

<sup>5</sup> Order No. 19-254, App’x A at 20.

<sup>6</sup> Order No. 19-254 at 1 (emphases added).

1 Issues List, the Joint Utilities believe a number of sub-issues will need to be addressed to reach a  
2 meaningful policy resolution of these issues.<sup>7</sup> Adding the QF Parties’ proposed issues would  
3 significantly expand the scope of the factual and legal issues that would need to be addressed in  
4 the parties’ testimony and briefing—making it more challenging and time-consuming for the  
5 parties and the Commission to address the important cost-allocation issue on which this docket is  
6 primarily focused.

7 In addition, many of the legal and jurisdictional concerns implicated by Staff’s Proposed  
8 Issues List are specific to interconnection of QFs under PURPA, and QF interconnection policies  
9 must be viewed through PURPA’s avoided-cost mandate. In contrast, the issues the QF Parties  
10 seek to add to this case relate to the interconnection of any generator to a utility’s system in this  
11 state—not just QFs.<sup>8</sup> For this reason, addressing the QFs Parties’ proposed additional issues would  
12 almost certainly require additional parties to participate, further complicating the docket.

13 **3. The Commission’s general interconnection policies should be reviewed**  
14 **holistically.**

15 Reforms to specific aspects of the Commission’s interconnection requirements and  
16 processes could impact other aspects, and for this reason, the QF Parties’ proposed additional  
17 issues should not be addressed in isolation in the initial phase of this docket. For example, adding

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<sup>7</sup> The Joint Utilities’ Comments on Scope and Proposed Issues List (circulated informally Apr. 9, 2020, filed Apr. 20, 2020) discussed the following questions:

- Does PURPA’s customer indifference standard apply to QF interconnection costs?
- What is the Commission’s legal authority for addressing allocation of QF-interconnection-driven network upgrade costs?
- What is the scope of incremental additional network upgrade costs caused by QF interconnection?
- How should utilities identify and measure the incremental additional network upgrade costs caused by QF interconnection?
- Once QF interconnection driven network upgrade costs have been identified, how should they be allocated?

<sup>8</sup> A non-QF’s interconnection to the transmission system is within FERC’s jurisdiction.

1 a requirement for third-party review or implementing a process for customers to challenge utility  
2 interconnection studies could impact required timelines and processing of the serial queue more  
3 generally. Therefore, any revisions to the current interconnection requirements and processes  
4 should occur only after a comprehensive evaluation of the Commission’s current rules and  
5 policies, but such an evaluation should not take place in the initial phase of docket UM 2032.

6 If, however, the Commission is inclined to expand the initial phase of this docket to include  
7 non-PURPA interconnection issues, the QF Parties’ proposed issues must be clarified. For  
8 example, Staff identified a proposed issue regarding when identified transmission upgrades should  
9 be reviewed using power flow analysis to confirm that the upgrades are necessary and prudently  
10 designed and sized.<sup>9</sup> This issue appears to misunderstand how interconnection studies are  
11 performed by assuming power flows alone dictate the need for and size of Network Upgrades.  
12 Power flow modeling is one component of an interconnection study, but it is not the only one and  
13 cannot be viewed in isolation. Therefore, at a minimum, the QF Parties’ issues need to be better  
14 understood and revised before they can be addressed in the substantive phase of a docket.

15 **C. The Commission should confirm that Staff’s Proposed Issue 1 encompasses cost**  
16 **allocation of only Network Upgrades.**

17 Before the substantive phase of this docket begins, the Joint Utilities seek confirmation  
18 from the Commission that the upgrades at issue are interconnection-driven upgrades to the utility’s  
19 *transmission* system, not interconnection-driven upgrades to the utility’s *distribution* system. The  
20 Joint Utilities understand Staff to be using “Network Upgrades” in Proposed Issue 1 as that term  
21 is defined in the QF Large Generator Interconnection Procedures (QF-LGIP):

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<sup>9</sup> Staff’s Proposed Issues List at 3.



1 Network Upgrades shall mean the additions, modifications, and upgrades to the  
2 Transmission Provider’s Transmission System required at or beyond the point at  
3 which the Interconnection Facilities connect to the Transmission Provider’s  
4 Transmission System to accommodate the interconnection of the Large Generating  
5 Facility to the Transmission Provider’s Transmission System.<sup>10</sup>

6 In other words, Network Upgrades (as that term is used by Staff) are limited to interconnection-  
7 driven upgrades to the *transmission* system. Network Upgrades are therefore distinct from  
8 interconnection-driven upgrades to the *distribution* system.<sup>11</sup>

9 The Joint Utilities understand that this docket was intended to address Network Upgrades  
10 only and will not be addressing cost-allocation for upgrades to the distribution system. When the  
11 Commission opened docket UM 2032, it adopted Staff’s recommendation that the Commission  
12 investigate the treatment of Network Upgrade costs for QFs.<sup>12</sup> Staff’s scoping white paper, which  
13 was attached to the Staff memorandum recommending that this docket be opened, explained  
14 Staff’s understanding that Network Upgrades are upgrades to the transmission system.<sup>13</sup> Neither  
15 Staff’s memorandum nor the white paper mentioned distribution system upgrades. However, the  
16 Joint Utilities note that Staff has distinguished between upgrades to the transmission system and  
17 to the distribution system when addressing interconnection-cost allocation in the past.<sup>14</sup> For these  
18 reasons, the Joint Utilities understand that docket UM 2032 will address cost allocation for only

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<sup>10</sup> *In re Pub. Util. Comm’n of Oregon, Investigation into Interconnection of PURPA Qualifying Facilities with Nameplate Capacity Larger than 20 Megawatts*, Docket No. UM 1401, Order No. 10-132, App’x A at 11 (QF-LGIP, Article 1) (Apr. 7, 2010); *see also* FERC *Pro Forma* LGIA (same definition).

<sup>11</sup> Interconnection-driven upgrades to the *distribution* system are also defined in the QF-LGIP as: “Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider’s Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility. Distribution Upgrades do not include Interconnection Facilities.” Order No. 10-132, App’x A at 6 (QF-LGIP, Article 1).

<sup>12</sup> Order No. 19-254 at 1 (adopting Staff’s Public Meeting Memorandum attached as Appendix A).

<sup>13</sup> Order No. 19-254 App’x A at 20 (“Network Upgrades are upgrades to the transmission provider’s transmission system at or beyond the point of interconnection.”).

<sup>14</sup> *See In the Matter of Pub. Util. Comm’n of Oregon, Community Solar Program Implementation*, Docket No. UM 1930, Staff’s Draft Proposal for Community Solar Interconnection at 4-5, 13 (June 19, 2019).

1 Network Upgrades, which are defined as interconnection-driven upgrades to the *transmission*  
2 system.

### III. CONCLUSION

3 The Joint Utilities appreciate the opportunity to file these comments and, consistent with  
4 the foregoing, recommend that the Commission adopt Staff's Proposed Issues List and consider  
5 only Proposed Issues 1 and 2 in the initial phase of this docket.

Dated May 4, 2020

**MCDOWELL RACKNER GIBSON PC**



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