



CHEYENNE AGUILERA
Direct (503) 290-3627
cheyenne@mrg-law.com

October 19, 2020

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 2118 – Sunthurst Energy, LLC vs PacifiCorp dba Pacific Power

Attention Filing Center:

Attached for filing in the above-captioned docket is PacifiCorp's Answer to Sunthurst Energy, LLC's Complaint.

Please contact this office with any questions.

Sincerely,

Cheyenne Aguilera
Office Manager

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2108

SUNTHURST ENERGY, LLC,

Complainant

vs.

PACIFICORP dba PACIFIC POWER,

Respondent.

**PACIFICORP’S ANSWER TO THE
COMPLAINT**

1 In accordance with OAR 860-001-0400(4)(a), PacifiCorp, dba Pacific Power submits this
2 Answer to the Complaint filed by Sunthurst Energy, LLC (Sunthurst) on September 29, 2020,
3 alleging that the costs for interconnecting two generation projects are unreasonable. The
4 Complaint should be denied. PacifiCorp has not violated any statute, Public Utility Commission
5 of Oregon (Commission) rule, or Commission policy. The costs for interconnecting the two
6 projects are reasonable, consistent with good utility practice, and consistent with the
7 interconnection requirements for all similarly situated interconnection requests, including
8 PacifiCorp’s own resources.

I. BACKGROUND

9 **A. Sunthurst’s two solar projects**

10 This complaint involves two photovoltaic generation resources—the 1.98-megawatt
11 (“MW”) Pilot Rock Solar 1, LLC and the 2.99-MW Pilot Rock Solar 2, LLC (PRS1 and PRS2,
12 respectively), which are owned by separate legal entities. Both projects have requested

1 interconnection and PRS1 has been designated interconnection Queue No. 0666 (Q0666) and
2 PRS2 has been designated interconnection Queue No. 1405 (Q1045).

3 PRS1 completed the interconnection study process and executed a small generator
4 interconnection agreement (SGIA) on March 14, 2016. In that SGIA, Sunthurst agreed to
5 interconnection requirements, an interconnection schedule, and milestone payments intended to
6 allow PRS1 to interconnect by May 15, 2017. At Sunthurst's request, PacifiCorp has agreed to
7 extend the milestones of the Q0666 SGIA on four separate occasions—executing amendments to
8 the SGIA on June 20, 2016, October 11, 2016, November 27, 2017, and November 6, 2018. The
9 final amendment moved the commercial operation date to December 31, 2019.

10 On March 20, 2019, Sunthurst provided PacifiCorp a letter informing PacifiCorp that it
11 planned to submit PRS1 as an Oregon Community Solar Program (CSP) project. Because the CSP
12 had not been fully developed, Sunthurst asked for additional time before PacifiCorp continued
13 with its scope of work for the PRS1 interconnection. PacifiCorp, as a party to the CSP stakeholder
14 process, understood the timing of the development of the program rules and agreed to delay any
15 further work on PRS1 until the Commission finalized the CSP rules.

16 Following the Commission's adoption of the CSP rules, however, Sunthurst did not re-
17 engage with PacifiCorp to complete the interconnection of PRS1. Instead, Sunthurst sought yet
18 again to re-negotiate the terms of its already executed SGIA and questioned the costs it had already
19 agreed to pay for PRS1. PacifiCorp worked in good faith with Sunthurst on PRS1 even though
20 there was a backlog of other interconnection requests that were also seeking to interconnect to
21 PacifiCorp's system.

1 PRS2 was originally a 6 MW solar facility that was studied for interconnection before
2 being withdrawn and the project was resized to 2.99 MW. PRS1 and PRS2 propose to use the
3 same interconnection facilities and have the same point of interconnection (POI).¹

4 The sizes of PRS1 and PRS2 enable each project to: (1) participate in Oregon’s CSP², and
5 (2) avoid the need for telemetry equipment that is required to interconnect small generators larger
6 than 3 MW.³ Although they are technically separate projects for purposes of qualifying for the
7 CSP and avoiding telemetry requirements, because both projects are adjacent to one another and
8 propose to share the same POI to PacifiCorp’s system, they are effectively a single 4.97 MW
9 project from an operations perspective.

10 **B. PacifiCorp worked in good faith for several months with Sunthurst prior to this**
11 **Complaint.**

12 PacifiCorp expended considerable resources working in good faith with Sunthurst over
13 many months to respond to numerous questions and work to reduce the interconnection costs for
14 PRS1 and PRS2. The following timeline illustrates the cooperative efforts PacifiCorp took to work
15 with Sunthurst:

- 16 • On March 27, 2020, PacifiCorp issued the System Impact Study (SIS) for PRS2.
17 In April, Sunthurst raised questions regarding not only the SIS for PRS2, but also
18 PRS1, which as noted earlier already has an executed SGIA. Notwithstanding that

¹ See Complaint at ¶ 13.

² OAR 860-088-0070(1)(b) (“To participate in the Community Solar Program, a project must: . . . (b) Have a nameplate capacity of three megawatts or less.”).

³ OAR 860-082-0070(2) (“Except as provided in subsection 3(b), a public utility may not require an applicant or interconnection customer with a small generator facility with a nameplate capacity of less than three megawatts to provide or pay for the data acquisition or telemetry equipment necessary to allow the public utility to remotely monitor the small generator facility’s electric output.”).

1 the questions went beyond PRS2, PacifiCorp readily provided written responses to
2 the questions and offered to have a conference call, which was held on June 9, 2020.

- 3 • On May 15, 2020, PacifiCorp provided a written response to several questions from
4 Sunthurst, including an adjustment to the facilities study for Q1045 that lowered
5 the cost of Q1045 by approximately \$200,000.
- 6 • One day prior to the June 9th conference call, Sunthurst provided additional written
7 questions to PacifiCorp. Due to the timing, PacifiCorp was only able to respond to
8 PRS2-related questions during the June 2020 conference call. PacifiCorp
9 scheduled a conference call for June 18, 2020 to respond to the Q0666 questions.
10 On June 10, 2020, Sunthurst requested an extension of time to review the study for
11 Q1405. PacifiCorp agreed to an extension.
- 12 • On June 18, 2020, PacifiCorp held a conference call to discuss questions relating
13 to PRS1; however, other than the developer's engineer, no other Sunthurst
14 personnel participated and, accordingly, the conference call was cancelled.
- 15 • On June 25, 2020, PacifiCorp provided additional written responses to Sunthurst.
16 Later on June 25, 2020, Sunthurst expressed additional concerns. In response,
17 PacifiCorp offered another conference call; Sunthurst accepted the offer for a
18 conference call and provided additional questions, including the metering
19 configuration for PRS1 and PRS2.
- 20 • On June 30, 2020, PacifiCorp issued a revised facilities study for PRS2 and
21 requested the developer to consent to the costs to interconnect PRS2. On July 1,
22 2020, Sunthurst posed additional questions. On July 2, 2020, PacifiCorp provided

1 written responses to Sunthurst's questions, including the justification for the 3-
2 meter configuration for PRS1 and PRS2.

- 3 • PacifiCorp thereafter set up a conference call for July 17, 2020, during which
4 PacifiCorp responded to the written questions from Sunthurst. Sunthurst
5 questioned the metering configuration and asked for additional time to consent to
6 costs in facilities study for PRS2.
- 7 • On July 20, 2020, PacifiCorp provided a comprehensive response to Sunthurst's
8 questions, including responding to Sunthurst's request for a single-meter
9 configuration.
- 10 • On July 21, 2020, PacifiCorp agreed to an additional extension of time for Sunthurst
11 to consent to the costs for PRS2.
- 12 • On July 23, 2020, Sunthurst submitted a written letter to PacifiCorp requesting
13 numerous design changes for PRS1 and PRS2, including an alternate metering
14 configuration.
- 15 • On August 7, 2020, PacifiCorp provided a comprehensive written response to each
16 of the design modifications, including the removal of an additional \$540,000 in
17 interconnection costs for PRS1 and PRS2.
- 18 • On August 20, 2020, Sunthurst provided another letter to PacifiCorp again asking
19 for the meter configuration to be reconsidered and asking that the meters be placed
20 on the low side of the transformer. PacifiCorp responded on August 25, 2020, again
21 explaining the basis for requiring the 3-meter configuration. PacifiCorp also

1 explained that under its CSP Interconnection Procedures, as approved by the
2 Commission, low-side meters were allowed for projects of 360 kW or less.

- 3 • On September 10, 2020, Sunthurst submitted additional questions to PacifiCorp,
4 including an explanation of the surcharge and contingency costs. PacifiCorp
5 responds to the questions on September 10 and 14, which among other items
6 explains the surcharge is consistent with the Federal Energy Regulatory
7 Commission’s (FERC) Uniform System of Accounts and U.S. Generally Accepted
8 Accounting Principles (GAAP) principles.
- 9 • On September 15, 2020, Sunthurst sent an email to PacifiCorp, which among other
10 items proposed its “Alternative 2” metering configuration from its Complaint.⁴ On
11 September 18, 2020, PacifiCorp responded to Sunthurst confirming that the three-
12 meter configuration is reasonable and that the PacifiCorp merchant function will
13 not allow a calculated substation as Sunthurst is proposing under the two-meter
14 approach, again known as “Alternative 2” in the Complaint. PacifiCorp also
15 declined to allow Sunthurst to conditionally execute the SGIA for PRS1 and the
16 consent to costs for PRS2.
- 17 • On September 23, 2020, Sunthurst identified the SIS for Q0666/Q0747⁵ and asked
18 PacifiCorp to review the study in support of its assertion for use of two meters
19 versus three meters. PacifiCorp responded on September 23, 2020 agreeing to toll

⁴ See Complaint at ¶ 17.

⁵ See Complaint at ¶ 16.

1 the deadlines for Sunthurst to execute the SGIA for PRS1 and the consent to costs
2 for Q1405 until the Complaint proceeding is finalized.

- 3 • On September 28, 2020, PacifiCorp addressed the SIS for Q0747/Q0666, clarifying
4 that the configuration of the old Q0666/Q0747 interconnection request is different
5 than the current Q0666/Q1045 configuration. In particular, the old Q0666/Q0747
6 interconnection request had two separate lines for each queue position with
7 individual disconnects and reclosers. The new configuration has a shared tie line,
8 disconnect, and recloser. Thus, the results of the Q0666/Q0747 SIS Report are not
9 applicable to what is currently being proposed. *However, PacifiCorp offered for*
10 *Sunthurst to change its configuration to the old Q0666/Q0747 interconnection*
11 *request configuration, which would only require two meters.* PacifiCorp also
12 stated that the removal of one meter would reduce the costs for interconnection by
13 approximately \$25,000.⁶

- 14 • On September 29, 2020, Sunthurst filed the Complaint.

15 Despite over six months of effort by PacifiCorp, Sunthurst chose to pursue this Complaint
16 that focuses primarily on whether a \$25,000 meter is required. As PacifiCorp explained
17 repeatedly, it has treated PRS1 and PRS2 in a similar manner to other similarly situated requests.
18 Sunthurst seeks special treatment, irrespective of good utility practice and inconsistent with
19 PacifiCorp's interconnection policies, solely to lower its costs.

⁶ Paragraph 15 of the Complaint claims "either one of its alternative metering configurations would save Sunthurst between \$25,000 and \$50,000." It is unclear what the basis is for this estimate; as noted above the removal of one meter is an approximate \$25,000 reduction in costs, not taking into consideration the additional costs PacifiCorp will have to incur to perform the back calculation, which would make the overall cost savings less.

1 **C. PacifiCorp’s metering configuration is reasonable.**

2 The primary dispute in this case focuses on the metering requirements for PRS1 and PRS2.
3 Because PRS1 and PRS2 are separate projects that share interconnection facilities and have a
4 common POI, PacifiCorp must meter each project individually and then also meter the combined
5 output at the POI. Using three meters, PacifiCorp can reasonably determine the output of each
6 individual project, which is critical for determining subscription and compensation under the CSP.
7 For example, under the CSP, output can be subscribed by customers and PacifiCorp will be
8 required to purchase any unsubscribed output. PacifiCorp will provide actual meter data for each
9 project to the CSP program manager, who will divide up the generation among all subscribers and
10 then inform PacifiCorp of the amount of unsubscribed generation that PacifiCorp must purchase.
11 If calculation errors occur, PacifiCorp’s metering configuration will readily allow corrections,
12 which is not the case if PacifiCorp were to not have a meter at each project, as Sunthurst
13 recommends.

14 In addition, metering the output from each individual project, as well as the POI, is
15 necessary: (1) to negate the ability of one generator serving station or auxiliary load of the other
16 project; (2) to mitigate the potential for one generator to over-generate at the expense of the other
17 generator; and (3) to track individual project output and any associated losses for purposes of
18 accurate payments under CSP purchase power agreements.

19 As noted earlier, the three-meter configuration is also consistent with similarly situated
20 interconnection requests and interconnected projects, including projects owned by PacifiCorp. For
21 example, Oregon Wind Farms is a collection of nine renewable qualifying facility (QF) projects
22 located in Oregon that share a common generation tie-line and utilize the same POI to interconnect
23 to PacifiCorp’s system; each of the nine projects has a meter to measure actual generation and

1 station service at the project, as well as a meter at the POI to allocate losses on the gen tie-lie to
2 the appropriate project. The nine Oregon Wind Farms projects have multiple owners, but a single
3 operations manager and vary in size from 1 to 10 MW. Similarly, on a much larger scale, the Cedar
4 Springs Wind Project has three separate renewable projects located in Wyoming that share a
5 common generation tie-line and utilize the same POI to interconnect to PacifiCorp's system; each
6 project has a meter, as well as a meter at the POI. Finally, PacifiCorp's merchant submitted
7 interconnection request Q0919, which proposes to interconnect using interconnection facilities
8 planned to be installed by another project – Q0918; PacifiCorp required a meter to be installed at
9 the new project (Q0919), as well as the POI, which in total required three meters – at Q0919,
10 Q0918, and at the POI.

11 Sunthurst's "Alternative 2" seeks to follow an earlier configuration of PRS1 and PRS2
12 (when PRS2 was studied as interconnection queue position Q0747). As PacifiCorp explained to
13 Sunthurst previously, the prior Q0666/Q0747 configuration would have allowed PacifiCorp to
14 install two meters on the utility side of the Sunthurst's equipment, which effectively creates two
15 POIs. In particular, the Q0666/Q0747 configuration proposed separate and individual tie line
16 interconnection facilities, with two reclosers for Q0747 and Q0666, which then would have
17 interconnected at the same POI. This configuration would have allowed PacifiCorp to meter the
18 facilities separately at the POI since there would have been two separate lines at the POI. In
19 contrast, the configuration for the Q1045 request proposes Q0666 and Q1045 to share a single tie
20 line and recloser tying in at the same POI. This configuration does not allow PacifiCorp to meter
21 the facilities at the POI because there is a shared line connecting both projects to the POI.
22 Therefore, the projects must be metered before the point where they share interconnection facilities
23 in addition to the single meter needed at the POI to meter the combined output onto PacifiCorp's

1 system. PacifiCorp offered Sunthurst to return to the Q0666/Q0747 configuration, which would
2 require only two meters. Sunthurst did not accept this offer, but instead filed this Complaint.
3 Through its Complaint, Sunthurst requests the Commission (and PacifiCorp) treat PRS1 and PRS2
4 as a single project for purposes of metering, but then treat them as two projects for purposes of the
5 qualifying for CSP and avoiding telemetry requirements. Sunthurst cannot have it both ways.

6 **D. PacifiCorp’s interconnection requirements and cost estimates are reasonable.**

7 Although the Complaint focuses heavily on the metering requirements, Sunthurst also
8 makes several other unsubstantiated allegations regarding PacifiCorp’s interconnection
9 requirements. First, Sunthurst questions the use of standardized equipment panels, which they
10 claim increases interconnection costs by including additional functionality that is not required.⁷
11 This allegation is untrue. The use of standardized equipment panels is ordinary industry practice,
12 reduces overall costs by eliminating the need for custom-built and custom-installed panels,
13 increases employee safety by use of standard equipment across PacifiCorp’s system, improves
14 reliability by mitigating the time required for maintenance, and does not include superfluous
15 functionality. Using custom-built and installed panels, as Sunthurst demands, would increase its
16 interconnection costs.

17 Second, Sunthurst criticizes PacifiCorp’s use of a 20 percent contingency for cost estimates
18 included in its SISs. Including contingencies is reasonable and consistent with good utility practice
19 to reflect the inherent uncertainty in cost estimations. Moreover, interconnection customers pay

⁷ Sunthurst refers to these standardized equipment panels as “pre-engineered equipment panels.” *See, e.g.*, Complaint ¶ 31.

1 only the actual costs, not the contingencies. Importantly, PacifiCorp already removed
2 contingencies for PRS1 and PRS2. Thus, Sunthurst's assertions are irrelevant to PRS1 and PRS2.

3 Third, Sunthurst questions the inclusion of a Capital Surcharge in the interconnection cost
4 estimates. The purpose of a Capital Surcharge (also referred to as a Construction Overhead) is to
5 include an appropriate portion of administrative and general costs, which cannot be charged
6 directly to a capital project, in accordance with FERC and GAAP. Capital Surcharges are applied
7 to every capital project on a monthly basis. Requiring interconnection customers to pay a
8 reasonable portion of the overhead costs incurred to construct interconnection facilities is
9 consistent with the Commission's rules.⁸

10 Finally, Sunthurst makes a sweeping allegation that PacifiCorp's average interconnection
11 costs for small generators are higher than comparable costs across the Western United States. This
12 claim has absolutely no merit, is irrelevant to Sunthurst's individual circumstances, and provides
13 no basis to modify the interconnection requirements for PRS1 or PRS2.

14 PacifiCorp has engaged in reasonable discussions with Sunthurst for many months,
15 provided written and oral responses to questions and proposals from Sunthurst, modified the
16 interconnection costs based on those discussions when it was reasonable to do so, and supported
17 the remaining costs for interconnection. The Commission should deny Sunthurst's Complaint
18 because there is no basis for further reducing the interconnection requirements to interconnect
19 PRS1 and PRS2.

⁸ See OAR 860-082-0035 (requiring interconnection customer to pay interconnection costs); OAR 860-029-0060 (requiring QF to pay interconnection costs); OAR 860-029-0010(9) (defining interconnection costs to include administrative costs).

II. ANSWER

1 PacifiCorp responds to the allegations in the Complaint as follows:

2 **Basis for Commission Jurisdiction and Identity of Parties**

3 1. To the extent that the allegations in paragraph 1 of the Complaint are legal
4 conclusions, no response is required. To the extent a response is required, ORS 756.400 speaks
5 for itself.

6 2. PacifiCorp admits that the interconnection process for PRS1 and PRS2 is governed
7 by the small generator interconnection rules set forth in OAR 860, Division 82, as alleged in
8 paragraph 2 of the Complaint. PacifiCorp further admits that to the extent that PRS1 and PRS2
9 are QFs, PacifiCorp is obligated to interconnect the projects in accordance with OAR 860-029-
10 0030(3). PacifiCorp admits that its principal place of business is located at 825 NE Multnomah
11 Street, Portland, OR 97232.

12 3. PacifiCorp admits in part the allegations in paragraph 3 of the Complaint.
13 PacifiCorp admits that Sunthurst has represented that PRS1 is a solar generating facility with a
14 nameplate capacity of 1.98 MW and that PRS2 is a solar generating facility with a nameplate
15 capacity of 2.99 MW, that both projects are located in PacifiCorp's service territory, and that
16 Sunthurst has represented that it intends to sell net output of the projects to PacifiCorp as a QF
17 under Oregon's CSP. The Company lacks knowledge or information sufficient to form a belief as
18 to the remainder of the allegations in paragraph 3 of the Complaint.

1 **Material Facts**

2 4. PacifiCorp admits the allegations in paragraph 4 of the Complaint, except
3 PacifiCorp lacks knowledge or information sufficient to form a belief as to whether PRS1 and
4 PRS2 received precertification under Oregon’s CSP.

5 5. PacifiCorp admits in part and denies in part the allegation in paragraph 5 of the
6 Complaint. PacifiCorp admits that it executed an SGIA for PRS1 (Q0666) on March 14, 2016, as
7 alleged in paragraph 5 of the Complaint. In that legally binding SGIA, PRS1 agreed to pay the
8 interconnection costs set forth the SGIA of \$858,500 to interconnect PRS1. Sunthurst submitted
9 the first two progress payments of \$10,000 on March 14, 2016, and \$79,500 on August 18, 2018.
10 However, Sunthurst has failed to provide the final four progress payments, the last of which was
11 due on October 15, 2019. Pursuant to the terms of the executed SGIA, PacifiCorp was required to
12 begin construction of the interconnection facilities on September 1, 2019.

13 6. PacifiCorp admits in part and denies in part the allegations in paragraph 5 of the
14 Complaint. PacifiCorp denies that, “When the CSP launched in early 2020, *both parties* sought
15 changes to the Q0666 Interconnection Agreement.” (emphasis added). PacifiCorp did not seek
16 changes to the Q0666 SGIA other than to update the milestones and progress payment schedule
17 that was long outdated due to the lack of progress by Sunthurst. Rather, there have been four
18 amendments to the SGIA, all of which have been prompted by Sunthurst, the last of which was
19 executed in November 2018. In response to Sunthurst’s letter in March 20, 2019, in which
20 Sunthurst requested that PacifiCorp waive certain obligations under the SGIA to begin funding the
21 construction of PRS1’s interconnection facilities, PacifiCorp granted that request and did not
22 propose any further amendments to the SGIA until the Oregon CSP rules were defined. PacifiCorp
23 granted Sunthurst’s requested waiver rather than seeking to terminate the SGIA. As detailed

1 earlier, on April 28, 2020, Sunthurst reached out to PacifiCorp and expressed concerns over
2 interconnection requirements Sunthurst had agreed to in the Q0666 SGIA rather than requesting
3 to proceed with the project as it had indicated it would once the Oregon CSP rules were in place.

4 7. PacifiCorp admits that on September 4, 2020, PacifiCorp tendered to Sunthurst an
5 amended SGIA for PRS1, as alleged in paragraph 5 of the Complaint. The amended SGIA
6 reflected a reduction in costs of \$15,000, as PacifiCorp agreed to in its August 7, 2020 letter to
7 Sunthurst. In addition to this minor scope and estimate revision, the amended SGIA also contained
8 proposed changes to bring the agreement up to current conditions because it was outdated. The
9 changes included revised milestone dates to demonstrate that PRS1 would reengage in the schedule
10 to finish within the next year, as well as a revised progress payment schedule. The amended SGIA
11 also contained an updated overall project cost estimate that reflected the costs that were already
12 incurred, as well as PacifiCorp’s estimated costs to finish the PRS1 (Q0666) project. PacifiCorp
13 was unwilling to agree to any other changes to the SGIA Sunthurst had executed and therefore
14 tendered the amended SGIA. In accordance with OAR 860-082-0025(7)(e), PacifiCorp informed
15 Sunthurst that it must return an executed interconnection agreement within 15 business days or the
16 application would be deemed withdrawn.⁹ The Company admits that it later extended the 15-
17 business day deadline as alleged in paragraph 5 of the Complaint.

18 8. PacifiCorp admits in part and denies in part the allegation in paragraph 6 of the
19 Complaint. PacifiCorp admits that it sent Sunthurst a revised Facilities Study for PRS2 (Q1045)

⁹ OAR 860-082-0025(7) (e) (“A public utility must provide an executable interconnection agreement no later than five business days after the date of approval of an interconnection application. The interconnection agreement must follow the standard form agreement developed by the public utility and approved by the Commission. The applicant must return an executed interconnection agreement to the public utility or request negotiation of a non-standard interconnection agreement within 15 business days of receipt or the application is deemed withdrawn.”).

1 on September 4, 2020, as alleged in paragraph 6 of the Complaint. In accordance with 860-082-
2 0060(8)(h), PacifiCorp informed Sunthurst that it must consent to pay for the interconnection
3 facilities and network upgrades identified in the Facilities Study within 15 business days.¹⁰ The
4 Company admits that it later extended the 15-business day deadline as alleged in paragraph 6 of
5 the Complaint.

6 9. PacifiCorp denies the allegations in paragraph 7 of the Complaint.

7 10. PacifiCorp admits in part and denies in part the allegations in paragraph 8 of the
8 Complaint. The initial estimated costs to interconnect PRS1, set forth in the executed SGIA for
9 that project, were \$858,500. In the recently amended SGIA provided to Sunthurst the updated cost
10 estimate was revised to \$700,000. The decreased cost was due primarily to the fact that PacifiCorp
11 now has completed detailed design and incurred actual, known costs. The reduction also included
12 a minor a design change to the interconnection facilities PacifiCorp made to accommodate
13 Sunthurst's various requests. The initial estimated cost to interconnection PRS2, as set forth in its
14 SIS issued on March 27, 2020, was \$1.195 million. PacifiCorp then refined the cost estimate in
15 the Facilities Study issued on June 2, 2020; the estimated costs to interconnect decreased to
16 \$965,000. Finally, PacifiCorp issued a revised Facilities Study on September 4, 2020, which
17 further decreased the estimated costs to interconnect to \$302,000. The lower estimated costs to
18 interconnect PRS2 reflect PacifiCorp's ongoing engagement with Sunthurst and good faith efforts
19 to accommodate Sunthurst's concerns, while ensuring that the interconnection of PRS2 is
20 consistent with good utility practice and will not compromise the safety and reliability of the

¹⁰ OAR 860-082-0060(8)(h) ("If the applicant agrees to pay for the interconnection facilities and system upgrades identified in the facilities study, then the public utility must approve the application within 15 business days of the applicant's agreement.").

1 PacifiCorp’s system. PacifiCorp denies the remainder of the allegations in paragraph 8 of the
2 Complaint.

3 11. The Company lacks information to admit or deny the allegations in paragraph 9 of
4 the Complaint. PacifiCorp has received 47 requests for interconnecting an Oregon CSP generators.
5 17 of those requests have been withdrawn. Two have executed interconnection agreements;
6 another nine requests that have consented to interconnection costs that have already been tendered,
7 or will soon be tendered through interconnection agreements for execution. PacifiCorp denies
8 any allegation that the costs and requirements identified in PacifiCorp’s interconnection studies
9 for CSP projects, or any other interconnection customers, are unreasonable or excessive or contrary
10 to good utility practice.

11 12. The Company lacks information to admit or deny the allegations in paragraph 10
12 of the Complaint. To the extent the allegations are describing federal tax requirements, those
13 requirements speak for themselves.

14 13. PacifiCorp admits in part and denies in part the allegations in paragraph 11 of the
15 Complaint. PacifiCorp admits that it requires three meters because of Sunthurst’s proposed design
16 for PRS1 and PRS2. PRS1 and PRS2 are proposed as two separate projects proposed for
17 interconnection by two separate customers.¹¹ Each project has been individually sized to avoid
18 the telemetry requirements set forth in OAR 860-082-0070(2) and PacifiCorp understands that
19 each project will seek to execute a separate power purchase agreement for the sale of its output to
20 PacifiCorp. PacifiCorp has no way of ensuring the two projects remain under common ownership

¹¹ Although Sunthurst is the ultimate owner of both projects, the customer requesting to interconnect PRS1 (Pilot Rock Solar 1, LLC) is a different legal entity than the customer requesting to interconnection PRS2 (Pilot Rock Solar, LLC).

1 (i.e., Sunthurst) and based on its experience often projects like these are sold to third-parties
2 following interconnection and a purchase power agreement. Consistent with good utility practice
3 and PacifiCorp’s non-discriminatory interconnection policies, each individual generating facility
4 must be metered individually. And because Sunthurst has proposed a single tie-line and a single
5 POI¹² for both PRS1 and PRS2, PacifiCorp must also install a meter at the POI to ensure that it
6 receives accurate data regarding the electricity actually flowing onto the system. PacifiCorp denies
7 the allegation in paragraph 11 of the Complaint that the metering requirements are a significant
8 driver of Sunthurst’s interconnection costs. The costs to interconnect both PRS1 and PRS2 are
9 \$1.002 million. The third meter costs roughly \$25,000, or 2.5 percent of the overall estimated
10 costs to interconnect PRS1 and PRS2.

11 14. PacifiCorp denies the allegations in paragraph 12 of the Complaint. The use of
12 three meters is consistent with PacifiCorp’s generally applicable interconnection policies and good
13 utility practice whenever two generating facilities use a single POI like PRS1 and PRS2.
14 PacifiCorp applies this same policy for distribution or transmission system interconnections and
15 applies the same policy to its own resources in similar circumstances.

16 15. PacifiCorp denies the allegations in paragraph 13 of the Complaint. As
17 background, Q0747 was Sunthurst’s first interconnection request for PRS2, which proposed a
18 6 MW solar generator facility. Based on Sunthurst’s original design configuration for PRS2,
19 reflected in the interconnection studies for Q0747, PacifiCorp required two meters for PRS1 and
20 PRS2 because each of the two generating facilities had a separate and unique tie line. Therefore,
21 the output of each of the facilities was not co-mingled before being delivered to PacifiCorp’s

¹² Sunthurst uses the term the “change of ownership,” or “COI,” in the Complaint to describe the POI.

1 system at a single POI. Sunthurst no longer proposes separate tie lines for PRS1 and PRS2 and
2 that is why a third meter is now required to allow PacifiCorp to identify the output of each project
3 individually and the cumulative output that is delivered to the common POI.

4 16. PacifiCorp further admits that it offered to allow Sunthurst to return to the original
5 design configuration reflected in the SIS for Q0747 (i.e., two tie lines for PRS1 and PRS2), in
6 which case there would be no need for the third meter. Sunthurst did not accept this offer.

7 17. PacifiCorp admits in part and denies in part the allegations in paragraph 14 of the
8 Complaint. PacifiCorp admits that Sunthurst withdrew its request for a 6 MW PRS2 project
9 (Q0747) and submitted a new request for a smaller 2.99 MW PRS2 project (Q1045). PacifiCorp
10 admits that both the Q0747 and Q1045 interconnection requests proposed to interconnect at the
11 same POI as Q0666. However, as discussed above, the configuration for the Q0747 request
12 proposed separate and individual tie line interconnection facilities with two reclosers for Q0747
13 and Q0666 that then would have interconnected at the same POI. The Q0747/Q0666 configuration
14 would have allowed PacifiCorp to meter the facilities separately at the POI since there would have
15 been two separate lines at the POI. In contrast, the configuration for the Q1045 request proposes
16 Q0666 and Q1045 to share a single tie line and recloser, tying in at the same POI. This
17 configuration does not allow PacifiCorp to meter the facilities at the POI because there is a shared
18 line connecting both projects to the POI. Therefore, the projects must be metered before the point
19 where they share interconnection facilities in addition to the single meter needed at the POI to
20 meter the combined output onto PacifiCorp's system.

21 18. PacifiCorp admits in part and denies in part the allegations in paragraph 15 of the
22 Complaint. PacifiCorp admits that Sunthurst provided two alternative metering configurations,

1 but denies that either design configuration is a reasonable alternative to the three-meter design
2 reflected in PacifiCorp’s interconnection studies for Q1045.

3 19. PacifiCorp admits in part and denies in part the allegations in paragraph 16 of the
4 Complaint. PacifiCorp admits that Sunthurst proposed eliminating the meter at the POI, but denies
5 that Sunthurst proposed the same metering configuration set forth in the SIS for Q0747 because
6 that metering configuration would have allowed PacifiCorp to install two meters on the utility side
7 of the Sunthurst’s equipment, which effectively creates two points of interconnection, as discussed
8 above.

9 20. PacifiCorp admits in part and denies in part the allegations in paragraph 17 of the
10 Complaint. PacifiCorp admits that Sunthurst proposed metering only at the POI and at PRS2 and
11 then using the output of those two meters to calculate the generation at PRS1. PacifiCorp denies
12 the remainder of the allegations in paragraph 18.

13 21. PacifiCorp admits in part and denies in part the allegations in paragraph 18 of the
14 Complaint. PacifiCorp admits that Sunthurst proposed metering PRS1 and PRS2 on the low-side
15 of the project step-up transformers. PacifiCorp admits that the Commission approved the
16 Company’s CSP Interconnection Procedures, which allow low-side metering for CSP projects that
17 are 360 kW or smaller, but denies that the Commission’s decision approving the low-side metering
18 proposal was arbitrary. PacifiCorp also denies that the low-side metering configuration applies to
19 “non-profit owned Community Solar projects of *any* size.” (emphasis in original). The low-side
20 metering configuration applies to CSP projects that are 360 kW or smaller.

21 22. PacifiCorp denies the allegations in paragraph 19 of the Complaint because the low-
22 side metering configuration does not apply to non-profit owned CSP projects larger than 360 kW.

1 Any CSP project that is larger than 360 kW (such as PRS1 and PRS2) are metered on the high
2 side.

3 23. PacifiCorp admits in part and denies in part the allegations in paragraph 20 of the
4 Complaint. The Staff report cited by Sunthurst states that, “Staff should work with parties to
5 continue to explore avenues for CSP generators and utilities to collaboratively consider additional
6 one-off interconnection enhancements.” Consistent with that recommendation, PacifiCorp made
7 several accommodations that substantially lowered Sunthurst’s overall interconnection costs for
8 PRS1 and PRS2. PacifiCorp cannot remove the third meter, however, because it is necessary given
9 that Sunthurst has proposed two separate projects, with separate ownership structures, that will use
10 a common POI.

11 24. PacifiCorp denies the allegations in paragraph 21 of the Complaint. PacifiCorp has
12 met with and exchanged written communications with Sunthurst numerous times over a period of
13 six months that explained why three meters are required by Sunthurst’s chosen design
14 configuration. During these numerous exchanges, PacifiCorp incorrectly referred Sunthurst to its
15 generally applicable interconnection Policy 139 (Facility Connection (Interconnection)
16 Requirements for Transmission Systems), instead of Policy 138 (Distributed Energy Resource
17 (DER) Interconnection Policy). PacifiCorp subsequently acknowledge the oversight and cited to
18 Policy 138. Policy 138 includes PacifiCorp’s Distributed Energy Resource Interconnection Policy.
19 Section 4.14 of that policy provides that, “Each [Distributed Energy Resource (DER)] facility shall
20 have each DER unit metered.”

21 **Sunthurst’s First Claim for Relief**

22 25. In response to paragraph 22 of the Complaint, PacifiCorp incorporates its
23 admissions and denials set forth in paragraphs 1 through 24 of this Answer.

1 26. The Company denies the allegations in paragraph 23 of the Complaint. OAR 860-
2 082-0070(a) is not a provision of the Commission’s rules. OAR 860-082-0070(1) provides that
3 Sunthurst is “responsible for all reasonable costs associated with the metering and data acquisition
4 equipment.” In addition, OAR 860-082-0035(2) requires Sunthurst to pay the “reasonable costs
5 of the interconnection facilities” that are “necessary to safely interconnection the small generator
6 facility with the public utility’s transmission or distribution system.” OAR 860-082-0035(3)
7 similarly requires Sunthurst to pay “all expenses associated with constructing, owning, operating,
8 maintaining, repairing, and replacing its interconnection equipment.”

9 27. The Company denies the allegations in paragraph 24 of the Complaint. Measuring
10 the output from adjacent projects in circumstances similar to PRS1 and PRS2 using two meters is
11 *not* consistent with PacifiCorp’s past or current practice and is unreasonable and contrary to good
12 utility practice. Sunthurst refers to the SIS for Q0747 as the past practice, but that configuration
13 is not comparable to PRS1 and PRS2 currently. PacifiCorp denies that it has violated OAR 860-
14 082-0070(1).

15 28. In response to paragraph 25 of the Complaint, PacifiCorp incorporates its
16 admissions and denials set forth in paragraphs 1 through 27 of this Answer.

17 29. The allegations in paragraph 26 of the Complaint require no response; OAR 860-
18 028-0010 and OAR 860-029-0060 speak for themselves. The use of three meters in this case is
19 consistent with the non-discrimination provisions in OAR 860-029-0060(1).¹³

¹³ OAR 860-029-0060(1) (“Interconnection costs are the responsibility of the owner or operator of the qualifying facility. Interconnection costs that may reasonably be incurred by the public utility will be assessed against a qualifying facility *on a nondiscriminatory basis with respect to other customers with similar load or other cost-related characteristics.*”) (emphasis added).

1 30. The Company denies the allegations in paragraph 27 of the Complaint. Because
2 Sunthurst has proposed two separate projects that will use a common POI, three meters are
3 necessary to meter the output from PRS1 and PRS2, consistent with PacifiCorp's non-
4 discriminatory interconnection policies and good utility practice.

5 31. The allegations in paragraph 28 are legal arguments that do not require a response.
6 To the extent a response is required, PacifiCorp disagrees that OAR 860-029-0060 prohibits it
7 from requiring three meters given Sunthurst's chosen design configuration.

8 **Sunthurst's Second Claim for Relief**

9 32. In response to paragraph 29 of the Complaint, PacifiCorp incorporates its
10 admissions and denials set forth in paragraphs 1 through 31 of this Answer.

11 33. PacifiCorp denies the allegations in paragraph 30 of the Complaint.

12 34. PacifiCorp denies the allegations in paragraph 31(a) of the Complaint. PacifiCorp
13 uses standardized equipment panels, which is consistent with good utility practice and normal
14 across the utility industry. The use of standardized equipment panels saves engineering and
15 construction costs by providing a standardized template from which to start both design and
16 construction. The design starts from a standardized arrangement and specified devices, but each
17 design is engineered and modified for the specific application and then built to order by the
18 manufacturer. Standardized panels do not contain components and/or functionality that are not
19 necessary for a particular interconnection. The use of standardized equipment panels also provides
20 PacifiCorp with a common platform from which to operate and maintain equipment in the field,
21 which is particularly important during high-stress situations such as switching or outage
22 restoration. Custom-built equipment panels are more expensive than the standardized panels
23 PacifiCorp uses.

1 35. The interconnection facilities for PRS1 (Q0666) include three standardized
2 equipment panels that will be installed in the Pilot Rock Substation and are required to provide
3 safe protection and operation following the interconnection of PRS1. These standardized
4 equipment panels provide additional functionality that is required to interconnect PRS1 and that is
5 not already provided by existing equipment in the substation. Had PacifiCorp modified the
6 existing panels to provide the additional functionality required to interconnect PRS1, there would
7 have been substantially higher labor costs, increased outage risk to existing customers, and
8 extended outage times for installation. There were no standardized equipment panels required to
9 interconnect PRS2.

10 36. PacifiCorp admits in part and denies in part the allegations in paragraph 31(b) of
11 the Complaint. PacifiCorp admits that its normal practice is to include a 20 percent contingency
12 amount in the cost estimates provided in an SIS. That contingency is reduced to 15 percent in the
13 cost estimate included in a Facilities Study. The use of a contingency in a cost estimate is
14 reasonable because of the inherent uncertainty surrounding actual costs, particularly because the
15 costs included in interconnection studies are estimates made before design work is completed. As
16 PacifiCorp proceeds to actual design of the interconnection facilities, the contingency amounts are
17 removed. Interconnection customers pay only the actual costs incurred to interconnect a generator.
18 Customers do not pay any contingency amounts. As an accommodation to Sunthurst, the cost
19 estimates for PRS1 and PRS2 include no contingency amounts.

20 37. PacifiCorp admits in part and denies in part the allegations in paragraph 31(c) of
21 the Complaint. PacifiCorp incurs construction overhead costs whenever it constructs
22 interconnection facilities, such as those that are required for Sunthurst's two projects. The purpose
23 of the Capital Surcharge is to include an appropriate portion of administrative and general costs

1 (i.e., overhead costs), which cannot be charged directly to a capital project, in accordance with
2 FERC and GAAP. Recovery of these administrative and general costs incurred to interconnect
3 generators is consistent with the cost allocation provisions set forth in OAR 860-082-0035 and
4 OAR 860-029-0060 and the definition of “Costs of Interconnection” set forth in OAR 860-029-
5 0010(9).¹⁴

6 **Relief Requested**

7 PacifiCorp notes that Sunthurst’s requested relief are numbered 1 through 2, as opposed to
8 continuing the numeration of the preceding paragraphs. For consistency, PacifiCorp’s paragraph
9 numbering conforms to that used by Sunthurst.

10 1. PacifiCorp denies the allegations in paragraph 1.

11 2. PacifiCorp denies the allegations in paragraph 2.

12 The Company further denies each and every allegation in the Complaint that is not
13 expressly admitted to in this Answer and denies that Sunthurst is entitled to the relief it seeks. The
14 Company respectfully requests the Commission issue an order finding that the Sunthurst is not
15 entitled to any relief; and granting such other relief as the Commission deems just and appropriate.

16 // // // //

17 // // // //

18 // // // //

19 // // // //

¹⁴ OAR 860-029-0010(9) (“Costs of interconnection” means the reasonable costs of connection, switching, dispatching, metering, transmission, distribution, equipment necessary for system protection, safety provisions, and *administrative costs* incurred by an electric utility directly related to installing and maintaining the physical facilities necessary to permit purchases from a qualifying facility.”) (emphasis added).

Respectfully submitted this 19th day of October 2020.

By:



Adam Lowney
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
Phone: 503-595-3926
Email: adam@mrg-law.com

Carla Scarsella
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Phone: 503-813-6338
Email: Carla.Scarsella@PacifiCorp.com

Attorneys for PacifiCorp d/b/a Pacific Power