



COLE ALBEE
Main (503) 595-3922
cole@mrg-law.com

March 12, 2024

VIA E-MAIL TO

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

Re: Docket UM 2316 - In the Matter of PacifiCorp, dba Pacific Power, Application for Waiver of Large and Small Generator Interconnection Procedures.

Attached for filing in the above referenced docket, please find PacifiCorp's Response to Staff's Comments.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cole Albee".

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2316

In the Matter of

PACIFICORP, d/b/a PACIFIC POWER

Application for Waiver

**PACIFICORP’S RESPONSE TO
STAFF’S COMMENTS**

In accordance with Staff’s Comments filed on March 5, 2024, PacifiCorp (or the Company) provides the following responses to Staff’s questions. PacifiCorp appreciates Staff’s timely and thoughtful engagement with its waiver request. The following discussion addresses each of the seven questions posed by Staff.

I. DISCUSSION

1. When did PacifiCorp realize it would likely need to request a waiver of the 2024 Cluster Study? Also, why did the Company wait two weeks after its FERC request to file the request in Oregon?

PacifiCorp determined it would likely need to request a waiver from both the Federal Energy Regulatory Commission (FERC) and the Public Utility Commission of Oregon (Commission) in February of 2024. FERC issued Order No. 2023 on July 28, 2023. On August 28, 2023, PacifiCorp submitted a request for rehearing specifically seeking FERC approval to complete its ongoing cluster studies before commencing a cluster study under the new generator interconnection procedures resulting from Order No. 2023.¹

¹ See *Improvements to Generator Interconnection Procs. & Agreements*, FERC Docket No. RM22-14, Request for Rehearing and Clarification of PacifiCorp at 3 (Aug. 28, 2023) (“The Commission should clarify that [PacifiCorp] may conclude [its] pending/existing studies before transitioning to the new Order No. 2023 process. In the alternative, the Commission should grant rehearing to permit such study flexibility for [PacifiCorp]. Failure to do so would be arbitrary, capricious, and not based on reasoned decision-making because it would contradict prior Commission precedent, and statements within the Final Rule itself, ensuring flexibility to transmission providers to continue

In response to the numerous rehearing requests, on September 28, 2023, FERC issued a notice that it intended to issue a substantive order addressing the pending requests for rehearing.² Based on that notice, PacifiCorp reasonably expected a substantive order from FERC on rehearing that would have addressed PacifiCorp’s transition from its current cluster study process to the Order No. 2023 study process by authorizing PacifiCorp to complete its existing studies before undertaking a new cluster study after its Order No. 2023 compliance filing was accepted.³ Had FERC timely addressed PacifiCorp’s rehearing request and approved a transition process, PacifiCorp would not need a waiver. However, given FERC’s inaction, in February of 2024 PacifiCorp determined a waiver was necessary. Because of the need to align the interconnection study processes at both the state and federal level, the need for a waiver at FERC necessitated a similar filing with the Commission.

PacifiCorp prepared and submitted the request for waiver to the Commission as soon reasonably possible following the submission of its waiver petition with FERC.⁴ During the same time, however, PacifiCorp was also diligently working to finalize the study reports from the 2023 Cluster Study, which had already been delayed due to restudies required by the 2021 and 2022

ongoing study work, and would otherwise put PacifiCorp and other similarly-situated transmission providers in the uniquely disadvantaged position of having to simultaneously administer two types of interconnection processes and, as a result, potentially expose them to greater likelihood of penalties than other transmission providers.”).

² *Improvements to Generator Interconnection Procs. & Agreements*, FERC Docket No. RM22-14-001, Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration (Sept. 28, 2023).

³ PacifiCorp requested approval to utilize a transition process comparable to the one approved by FERC when PacifiCorp originally transitioned from the serial queue to the cluster study process. *See Improvements to Generator Interconnection Procs. & Agreements*, FERC Docket No. RM22-14, Request for Rehearing and Clarification of PacifiCorp at 17 (Aug. 28, 2023) (“The Commission should directly address the unique needs posed by transmission providers like PacifiCorp. Specifically, the Commission should clarify, or in the alternative grant rehearing to allow, that PacifiCorp and other similarly-situated transmission providers may: (1) continue processing any existing cluster and transition cluster studies (including any restudies) to the point at which all existing interconnection requests have proceeded to the facilities study stage ensuring no further cluster restudies will be required which would inhibit PacifiCorp’s ability to successfully implement the new procedures and timely complete studies for new interconnection requesting customers, and (2) apply the new reforms from Order No. 2023 to the first prospective cluster studies to commence following completion of any existing cluster studies still in process when the Commission acts on the relevant transmission provider’s compliance filing.”).

⁴ *See PacifiCorp’s Application for Waiver at 13-14* (Feb. 29, 2024).

Cluster Studies. Given that the same personnel were required to complete both work streams, PacifiCorp's Commission filing was made on February 29th.

While PacifiCorp's filing was not made until February 29th, on February 7, 2024, PacifiCorp met with Staff to discuss the waiver filing and PacifiCorp's ongoing Order No. 2023 compliance filing efforts.

- 2. How will the Company ensure that the waiver does not forestall progress in acquiring the resources needed to meet its HB 2021 requirements, including its small-scale resource acquisition requirements? Please be specific about the actions the Company will take in 2024 to mitigate interconnection delays and other negative impacts on Oregon jurisdictional generators, including mitigating impacts on the 2024 SSR RFP.**

As clarification, PacifiCorp's transmission function submitted the waiver request, whereas PacifiCorp's merchant function is procuring the small-scale renewable resources needed to meet the requirements of House Bill 2021 (HB 2021). PacifiCorp is required to keep these functions separated under the FERC Standards of Conduct. For purposes of responding to this question, undersigned counsel inquired with PacifiCorp's merchant function for a status update on its procurement efforts.

Under HB 2021, PacifiCorp must obtain, by 2030, approximately 490 MW of additional electrical capacity from small-scale renewable energy projects, which will support PacifiCorp compliance with Section 37 of HB 2021 and PacifiCorp's Clean Energy Plan goals. However, PacifiCorp has paused its pursuit of a 2024 Small-Scale Renewable Request for Proposals (2024 SSR RFP). The decision to pause 2024 SSR RFP was made independent from and is not due to the waiver request.

However, for several reasons PacifiCorp does not anticipate the waiver or pausing the 2024 SSR RFP will detract from the Company's ability to meet its HB 2021 requirements by 2030:

- By helping to alleviate the current backlog and clearing the way for viable projects to interconnect, the waiver will increase the likelihood of timelier interconnection of economically viable small-scale renewable projects.
- Before the Company can begin the 2024 Cluster Study, it must first complete the 2021 and 2022 Cluster Study restudies and the 2023 Cluster Study. It is highly unlikely the Company can complete these prior studies *and* the 2024 Cluster Study by the end of 2024. Therefore, if PacifiCorp were required to open a 2024 Cluster Study in April 2024 (i.e., if the Commission denies a waiver), then it is extremely unlikely that any 2024 interconnection requests will receive a completed cluster study by the end of 2024. Therefore, even if a 2024 SSR RFP were to be held, it is unlikely that small-scale renewable projects seeking to interconnect through a 2024 Cluster Study would be eligible to bid.
- As discussed in the Company’s waiver request, there are currently approximately 60 GW of active interconnection requests. Of this amount, PacifiCorp conservatively estimates: (1) there is 500 MW of requests that are less than 20 MW, and (2) half of this amount are eligible for PacifiCorp to procure to meet its HB 2021 requirements. Thus, there is already a robust number of small-scale renewable projects to help the Company to meet its obligations under HB 2021. PacifiCorp will issue future RFPs as needed to meet its HB 2021 requirements by 2030.
- The HB 2021 compliance deadline is 2030. Granting the waiver will essentially defer the next cluster study by only eight months (i.e., from April 2024 to January 2025), which should not undermine projects seeking to interconnect by 2030. In exchange for an eight-month delay, the Company can focus on completing its pending studies, clearing out the study backlog, and better ensuring that only commercially viable projects remain in the interconnection queue going forward. This clean slate starting in 2025 should, all else being equal, increase the likelihood that future small-scale projects can interconnect and create more certainty going forward.

- 3. How will the Company prevent further delays opening the next cluster? Please be specific about the actions the Company will take in 2024 to prevent further delays that will impact Oregon jurisdictional generators, including how the Company will work to avoid conducting a transition cluster in 2025 given the number of generators from previous clusters with pending facilities studies and restudies (~50 generators).**

PacifiCorp's waiver request is designed to minimize future study delays and avoid the need for a transition cluster in 2025 by clearing out the existing study queue so that January 1, 2025, cluster study can begin on time and with a clean slate. Under PacifiCorp's waiver proposal, it would spend the remainder of 2024 completing the pending restudies for the 2021 and 2022 Cluster Studies, as well as issuing the study reports for the 2023 Cluster Study and either moving to the facilities study phase or performing restudies (if required because of withdrawals). The 2021 Cluster Study currently has one small set of requests that are being restudied (for the third time due to withdrawals) and the Company anticipates issuing those restudies in early June. If there are no additional withdrawals—a result that the Company cannot control—then those remaining projects will move to the facilities study phase. The 2022 Cluster Study has six pending restudies; the Company expects to complete four of those restudies in April 2024 and the remaining two in June 2024. Another round of restudies is possible for one or more of these restudies, in which case the restudies would be completed in the fall of 2024.

The Company issued reports for the 2023 Cluster Study on Friday, March 8, 2024. Given prior history, the Company expects withdrawals and resulting restudies. However, without having to devote resources to beginning to process a 2024 Cluster Study, the Company anticipates concluding those restudies in the fall of 2024. By completing these already pending studies, the Company can timely begin its first Order No. 2023-compliant cluster study on January 1, 2025.

Delays, however, are somewhat inevitable and driven primarily by interconnection customer withdrawals, *which is something PacifiCorp cannot control*. To prevent further delays

for all interconnection customers—both state and federal—the Company has devoted significant internal resources and retained outside consultants to expeditiously process studies as efficiently as possible given the sheer volume of requests that are being studied each year, as discussed below. Timely implementing the reforms in Order No. 2023 is also expected to mitigate the impact of delays by going further than the Company’s own queue reform efforts and hopefully further reducing speculative interconnection requests.

While the Company is optimistic that granting its waiver will allow a timely January 1, 2025, cluster study, there is little doubt that without a waiver the next cluster study will be delayed. Without a waiver, the Company will open a new 2024 Cluster Study in April, which will pile more studies on top of the 2021 and 2022 restudies and the 2023 Cluster Study that PacifiCorp must already complete in 2024. Attachment A to this answer provides a further illustration of the amount of work currently ongoing, as well as the additional work that would be required if a 2024 Cluster Study is undertaken.

As the Commission is aware, interconnection studies using either the old serial queue or clusters rely on the assumption that all higher priority interconnection requests are already interconnected to the system. This means that before starting the study process for the 2024 Cluster Study, the Company must reach the point in the 2021, 2022, and 2023 Cluster Studies where it is confident that the remaining requests will continue to move forward and can be included in the baseline assumptions for the 2024 Cluster Study.⁵ As a practical matter, therefore, it is very likely that PacifiCorp cannot begin the substantive study process for the 2024 Cluster Study until at least January 2025, with cluster study reports being issued several months later (this timing would generally match what occurred in 2022, where the Company had to restudy its entire system, which

⁵ Typically, this means that all of the requests in the prior cluster studies have reached the facilities study phase, where withdrawals are less likely.

delayed issuing the 2023 Cluster Study reports until March 2024). Thus, without a waiver the 2024 Cluster Study will be delayed, and that delay will then necessitate a delay to the 2025 Cluster Study, as well.

The foregoing illustrates why either a waiver or a transition process is essential to allow PacifiCorp to timely commence its first Order No. 2023-complaint cluster study in January 2025. Because a transition process would essentially moot a 2024 Cluster Study, a waiver is more reasonable to preserve resources and better ensure the timely commencement of the next cluster study. If the goal is to prevent further study delays and avoid a transition, then granting PacifiCorp's requested waiver is the most likely path to achieve that goal.

4. How will PacifiCorp treat Oregon-jurisdictional generator applications if a waiver is not granted?

If a waiver is not granted, the Company will conduct an Oregon-only 2024 Cluster Study. As noted above, however, the commencement of the substantive study process will be delayed given the need to conclude the prior studies to establish the baseline for the Oregon-only 2024 Cluster Study. And any network upgrades identified in the Oregon-only studies will be allocated exclusively to the Oregon-jurisdictional generators in the Oregon-only 2024 Cluster Study. Moreover, as discussed in the Company's filing, the Oregon-only 2024 Cluster Study will not utilize the proportional impact method for allocating costs of network upgrades as that will be utilized in post-Order No. 2023 cluster studies.

In addition, as discussed in the Company's filing, if the Commission denies the waiver requested here, the Company will propose an Oregon-only transition process, which will be essential if the Company is to not delay its timely implementation of Order No. 2023. That Oregon-only transition process will likely render the Oregon-only 2024 Cluster Study moot.

If the Commission were to deny both a waiver and a transition process, then the Company would be placed in the untenable position of being required by FERC to begin its Order No. 2023-compliant cluster study on January 1, 2025, while having a pending Oregon-only cluster study that will still be outstanding and incomplete. It would be unclear in that scenario how the Company could comply with both its state and federal obligations.

5. What specific concerns does the Company have about processing Oregon-jurisdictional interconnections in either a group or serial process in 2024? Staff understands that the Company and other generators may have fairness concerns, so please focus on practical concerns for moving Oregon-jurisdictional interconnections forward absent a FERC 2024 cluster.

To summarize the practical concerns, many of which are addressed above: First, an Oregon-only 2024 Cluster Study will necessarily be delayed, and it is unlikely that study reports will be issued until well into 2025. Therefore, as a practical matter, potential participants in a 2024 Cluster Study will likely receive their first study reports only a couple months before they would have received their first study report if they participated in a January 1, 2025, cluster study.

Second, without a waiver, the Company will be required to propose a transition process and the only way for that transition process to be effective will be to render the 2024 Oregon-only Cluster Study moot. That is, the Company will propose that any interconnection request that has not been tendered a facilities study agreement will be deemed withdrawn and must then re-submit a new request for the 2025 transition cluster study. Because it is extremely unlikely that any request in the Oregon-only 2024 Cluster Study will have been tendered a facilities study agreement before the transition process begins, for the reasons outlined above, it is likely that all those requests will be deemed withdrawn, at which point there would have been no reason to commence a 2024 Cluster Study knowing that it cannot be completed by the end of 2024.

Third, an Oregon-only 2024 Cluster Study cannot be completed by January 1, 2025, so without a waiver and without a transition process the Oregon-only study will create a jurisdictional

conflict where PacifiCorp will be required by FERC to commence its first Order No. 2023-compliant cluster study but PacifiCorp will be unable to do so until conclusion of the Oregon-only 2024 Cluster Study.

Fourth, an Oregon-only 2024 Cluster Study will allocate all network upgrade costs to only Oregon-jurisdictional requests. Given the constraints on PacifiCorp's Oregon system, it is likely that even a small interconnection request will trigger network upgrades, and such upgrades will not be allocated under a proportional impact methodology. Therefore, any perceived advantage to allowing Oregon-only projects to move forward is likely to be illusory.

6. Has PacifiCorp added any additional staff to help with the current interconnection backlog? Please explain.

While there is generally a limited number of qualified planners and engineers that can perform interconnection studies, as FERC recognized in Order No. 2023,⁶ the Company has retained outside consultants to perform most of its interconnection study work. The Company has also devoted significant internal resources to overseeing the study process and reviewing the completed studies. The current backlog is not the result of insufficient staffing; it is the result of the sheer volume of interconnection requests and the need for restudies triggered by withdrawals. Additional staff or consultants do not impact the number of withdrawals or the resulting need to undertake restudies. FERC's reforms in Order No. 2023, however, are designed to further weed out speculative interconnection requests to mitigate the impact of withdrawals and restudies. Timely implementation of FERC's Order No. 2023 reforms at both the state and federal level is therefore important and will be advanced by granting the waiver request here.

⁶ *Improvements to Generator Interconnection Procs. & Agreements*, Order No. 2023, 184 FERC ¶ 61,054 at PP 86, 89, order on reh'g, 185 FERC ¶ 61,063 (2023), *appeals pending*.

7. Has PacifiCorp added any additional staff to deal with new requirements of FERC Order No. 2023? Please explain.


In addition to the discussion above, and specific to the Order No. 2023 reforms, PacifiCorp has retained outside consultants to develop the publicly available heatmap of available transmission capacity.

II. CONCLUSION

PacifiCorp's waiver request is reasonable because it will prevent additional study delays and obviate the need for a transition process, without unreasonably harming Oregon-jurisdictional interconnection customers. Therefore, PacifiCorp respectfully requests the Commission approve the waiver.

Respectfully submitted this 12th day of March 2024.

McDOWELL RACKNER GIBSON PC

By: 

Adam Lowney
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97212
Email: adam@mrg-law.com

Matthew Loftus
PacifiCorp
825 N.E. Multnomah St., Suite 2000
Portland, OR, 97232
(503) 813-5620
Email: Matthew.Loftus@PacifiCorp.com

Attorneys for PacifiCorp d/b/a Pacific Power

BEFORE THE PUBLIC UTILITY COMMISSION
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UM 2316

PacifiCorp's Application for Waiver of Large and Small
Generator Interconnection Procedures.

Attachment A
PacifiCorp Current Cluster Status – March 2024

March 12, 2024

PacifiCorp: Current cluster study status	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
1/31/2024 2022 Cluster Restudy #1 due	Blue																			
2/29/2024 2023 Initial Cluster study reports	Green	Green	Green																	
4/1/2024 2024 annual request window				Purple	Purple															
4/29/2024 2022 Cluster Restudy #2 report due	Blue	Blue	Blue	Blue																
6/3/2024 Cluster 1 & Cluster 2 Restudies (due to transition cluster & cluster 1 withdrawals)	Orange	Orange	Orange	Orange	Orange															
6/15/2024 2024 Customer engagement window						Purple														
9/11/2024 2023 Cluster Restudy #1 due				Green	Green	Green	Green	Green												
9/6/2024 2022 Facilities studies due							Blue	Blue												
12/12/2024 2024 cluster study report								Purple	Purple	Purple	Purple									
3/20/2025 If additional restudy required, 2023 Restudy #2										Green	Green	Green	Green	Green						
4/29/2025 Determine whether Restudy #3 is required																Green				
4/1/2025 2025 annual request window																Red	Red			
5/29/2025 If NO 2023 Restudy #3 required, Facilities study agmt due																	Green			
6/15/2025 2025 customer engagement window																		Red	Red	
6/24/2025 2024 cluster restudy #1														Purple	Purple	Purple	Purple	Purple		
8/27/2025 2023 Facilities study due																		Green	Green	Green

Key:
 Blue 2022: Cluster 2
 Green 2023: Cluster 3
 Purple 2024: Cluster 4
 Red 2025: Cluster 5
 Orange Other clusters