

**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

OSSIA POST-HEARING BRIEF

I. INTRODUCTION

The Oregon Solar+Storage Industries Association (“OSSIA”) submits this Post-hearing Brief in Docket No. UM 2032 before the Oregon Public Utility Commission (“Commission”). This docket has the potential to resolve one of the largest remaining obstacles to siting non-utility renewable facilities in Oregon. This brief will discuss the two issues put forward in the Phase I of the docket:

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

Additionally, depending on the resolution of the above issues a second phase may be needed to address a remaining issue:

3. If the answer to Issue No. 1 is that users and beneficiaries of Network Upgrades (which typically are primarily utility customers) should pay for the Network Upgrades necessary to interconnect the QF to the host utility, how should that policy

¹ Ruling pg. 1-2 (May 2020)

be implemented? For example, should utility customers, and other beneficiaries and/or users, fund the cost of the Network Upgrades upfront, or should the QF provide the funding for the Network Upgrade subject to reimbursement from utility customers? Should the QF, utility customers, and other beneficiaries and users, if any, share the costs of Network Upgrades?²

In Phase I of this docket, on the issue of network upgrade costs, OSSIA recommends that the Commission adopt a similar position to the Federal Energy Regulatory Commission (“FERC”). FERC is examining the future of cost allocation and generator interconnection through their Notice of Proposed Rulemaking.³ Oregon’s current cost allocation for network upgrades is already distant from federal policy; keeping Oregon’s current policy will therefore further separate state policy from the federal policy and will expand the burden on Oregon jurisdictional QFs. By adopting FERC’s position on network upgrades, it will allow for easy to determine allocations of costs and benefits and implementation is simple. Regarding the second issue, OSSIA recommends that the Commission allow QFs the flexibility to select either NRIS or ERIS. By restricting QFs to only an NRIS interconnection service, the Commission would require extensive transmission upgrades to be required when they are not necessary to get the power safely and reliably to the grid. Instead, the Commission could enable these generators the opportunity to develop creative solutions to connect to an already constrained transmission system by utilizing ERIS interconnection service or a similar alternative.

II. ALLOCATION OF NETWORK UPGRADES

The Commission should resolve the first issue by allocating network upgrade costs the same way the FERC framework lays out. From FERC’s perspective almost all network upgrades

² *Id.*

³ Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection, Advanced Notice of Proposed Rulemaking, 176 FERC P 61024, 2021 WL 3013526 (July 15, 2021).

benefit the retail customers of the host utility and therefore FERC requires that all network upgrades be initially funded by the interconnecting generator but reimbursed 100% overtime. Also, under FERC's policy, if a generator fails to reach commercial operations, then the network upgrades are not reimbursed. There appears to be a theme among all stakeholder that the allocation of network upgrade costs should follow the benefits. However, there does not appear to be much agreement on who the benefits go to. NewSun Energy LLC, ("NewSun") provided substantial testimony that almost all network upgrade costs caused by the interconnection of a QF provide benefits to all users of the Transmission System.⁴ The benefits to the transmission system include increased infrastructure, improved reliability, decreased congestion, and increased load serving capability.⁵ Accordingly, NewSun's solution is to require the host utility to pay for the costs of network upgrades unless the utility can show the network upgrades demonstrably benefit only the interconnecting facility. Similarly, the Interconnection Customer Coalition ("ICC") recommends that the burden of proof shift from the interconnection customer to the host utility to show that the network upgrades benefit only the QF.⁶ Staff also believes that the costs should follow the benefits but believes that the Commission's current policy is not being implemented.⁷ The Joint Utilities recommend that the Commission retain its current policy that QFs should not be responsible for system-wide benefits, and that the Commission move this docket into a Phase II to determine how to implement that policy.⁸

Staff describes the NewSun and ICC position as arguing for FERC's "crediting policy", which requires the transmission provider to credit the interconnection customer for any finances

⁴ NewSun/200, Andrus/15.

⁵ NewSun/200, Andrus/15; NewSun/400, Andrus/9-15; NewSun/500, Boissevain/3- 11.

⁶ Interconnection Customer Coalition/200, Lowe/4.

⁷ Staff Prehearing Brief at 8-12.

⁸ Joint Utilities/500, Vail-Bremer-Foster-Olennikov-Ellsworth/1.

the interconnection customer used to fund the network upgrades. Additionally, Staff disputes the applicability of the FERC crediting policy as the QF would have no responsibility for costs and would accordingly make uneconomical siting decisions. However, under the policy a generator is responsible to fund the upgrade 100% upfront and if a generator fails to reach commercial operations, then the cost would fall to them. FERC found that to be sufficient to incentivize generators to make economical siting decisions.⁹ The QFs would similarly be motivated to make economic and logical siting decisions.

From a policy perspective, the host utility has the most complete information regarding their own transmission systems. The host utilities are in the best position to show evidence that a specific network upgrade does not benefit their customers. Meanwhile, the interconnection customers only have the data that they were able to acquire through the interconnection process, they are not in the proper position to show system wide benefits. Accordingly, if the Commission adopts FERC's policy but allows the opportunity to rebut, the utilities should carry the burden of proof to show that the network upgrades do not provide quantifiable system benefits.

III. NRIS AND ERIS

QFs should be given the flexibility to choose whether to connect through NRIS, ERIS, or other similar interconnection service. The transmission system in the Pacific Northwest, and especially in Oregon is already significantly constrained. Through the passage of HB 2021, the state embarked on an aggressive path forward to a 100% clean energy future.¹⁰ The Commission is concurrently implementing guidance for the utility's clean energy plans. The process has highlighted the difficulties the utilities will face as they attempt to build and connect renewable

⁹ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003-A, 106 FERC ¶ 61,220, at PP. 613-614 (Mar. 5, 2004).

¹⁰ ORS 469A.410 (2021).

resources to their systems and meet the statutes annual goals. By requiring QFs to connect with NRIS, the Commission is restricting QFs ability to develop creative solutions to overcome the transmission constraints and requiring expensive network upgrades that may not be necessary.

Additionally, renewable facilities sited in Oregon provide additional benefits to the community. HB 2021 also states that it is the policy of the State of Oregon that:

[E]lectricity generated in a manner that produces zero greenhouse gas emissions also be generated, to the maximum extent practicable, in a manner that provides additional direct benefits to communities in this state in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity and increasing energy security and resiliency.¹¹

Oregon QFs help meet this standard by providing direct benefits to communities in this state through increased tax revenue to counties, increased job opportunities within the state, as well as the significant benefits that are associated with community resiliency. These Oregon QFs also provide the benefit of avoiding some of the largest transmission constraints on other parts of transmission system. Accordingly, the Commission should enable QFs in Oregon to pursue any interconnection service type that enables them to come online. While the utilities have required NRIS in recent history for QFs in Oregon, it is impractical to continue such a requirement. The utilities are not required to utilize NRIS to connect their own resources onto the grid, and Community Solar Program in Oregon is allowed to utilize ERIS.¹² As the Oregon energy system continues to build out towards a clean energy future, the transmission system will be further strained and NRIS will continue to require more expensive network upgrades. Enabling QFs to pursue creative alternatives for their power to reach the system is a prudent approach and will allow non-utility generators to be sited in Oregon.

¹¹ ORS 469A.405(2).

¹² Staff/100, Moore/34-35

IV. CONCLUSION

In conclusion, the Commission should take FERC's lead on the allocation of network upgrade costs and create a rebuttable presumption that network upgrades are beneficial to the transmission system unless the utility can show proof of exclusive benefit to the interconnection customer. Additionally, the Commission should enable QFs to select an interconnection service that best fits the needs of the QF and the transmission system. By enabling QFs to select their interconnection service it will enable them to develop creative solutions to deliver their power avoiding transmission constraints and helping to meet Oregon's aggressive decarbonization goals while providing direct benefits to communities in this State.

Dated this 5th day of August 2022.

Respectfully Submitted,

/s/ Jack R. Watson

Jack R. Watson, OSB No. 204696
PO Box 14927
Portland, OR 97293
Telephone: 775-813-9519
jack@oseia.org

*Of Attorneys for Oregon Solar +
Storage Industries Association*