ORDER NO. 25-355

ENTERED Sept. 4, 2025

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2351

In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Revision of Interconnection Procedures.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 2, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Alison Lackey
Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 2, 2025

REGULAR X CONSENT ____ EFFECTIVE DATE September 3, 2025

DATE: August 22, 2025

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore, Scott Gibbens, and Curtis Dlouhy **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2351)
In the Matter of Application for Revision of Interconnection Procedures.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission) approve Pacific Power's (PacifiCorp or Company) application for revision of interconnection procedures with modifications as discussed below.

DISCUSSION:

Issue

Whether the Commission should approve PacificCorp's application for revision of interconnection procedures.

Applicable Rule or Law

OPUC has adopted rules and policies for how large and small Oregon-jurisdictional generators, i.e., Qualifying Facilities (QFs), interconnect under the Public Utility Regulatory Policies Act (PURPA) and Oregon law.

In 2009, the Commission adopted OAR Division 82 of Chapter 860 Small Generator Interconnection Rules, which outline the interconnection requirements for Oregon-jurisdictional generators up 10 MW in size.[1]

[1] *In the Matter of Public Utility Commission of Oregon Staff's Investigation Relating to Electric Utility*

As part of the investigation into interconnection of PURPA Qualifying Facilities (QF), the Commission issued Order No. 10-132 in Docket No. UM 1401, in which the Commission established standard large generator interconnection procedures (LGIP) for generators 20 MW and larger and adopted a standard Large Generator Interconnection Agreement (LGIA).

In Order No. 24-068 the Commission adopted new rules and amendments to existing Division 82 interconnection rules for small generators.

Background
PacifiCorp transitioned in 2020 from a first come, first served serial interconnection approach to a first ready, first served cluster study approach. The Company conducted a public engagement process, received FERC approval, then requested Commission approval to include Oregon jurisdictional interconnections. Following an expedited review process, the Commission approved PacifiCorp's request to include Oregon jurisdictional interconnections in the cluster study process with several adjustments to reduce burdens to Oregon jurisdictional interconnection customers.[2] For purposes of the Cluster Study process approved by the Commission under Order No. 20-268, "large generators" subject to the LGIP are those over 10 MW and "small generators" subject to the SGIP are no larger than 10 MW.

On July 28, 2023, the Federal Regulatory Energy Commission (FERC) issued Order No. 2023, requiring transmission providers to use a first ready, first served cluster study processes for large generator interconnections over 20 MW.[3] FERC subsequently issued Order No. 2023-A on March 21, 2024 clarifying several requirements for the cluster study process.[4] The FERC mandated approach includes specific requirements to promote project readiness and timeliness of the process, such as penalties for both applicants who drop out of the study process (a problem requiring often multiple rounds of re-studies) and for transmission providers who do not complete studies in a timely manner.

On May 15, 2024, PacifiCorp submitted proposed revisions to its Open Access Transmission Tariff (OATT) to FERC, in order to comply with FERC Order Nos. 2023 and 2023-A.[5] PacifiCorp originally requested FERC approval of their compliance filing "to be the later of November 2, 2024, or 60 days after the FERC order approving the compliance filing."[6] On May 15, 2025, FERC approved the filing, in part, and directed

Purchases from Qualifying Facilities, Docket No. UM 1129, Order No. 07-360 (Aug. 20, 2007).
2 *See* Docket No. UM 2108, Commission Order No. 20-268, August 19, 2020.
3 Order No. 2023 at: https://www.ferc.gov/media/order-no-2023.
4 Order No. 2023-A at https://www.govinfo.gov/content/pkg/FR-2024-04-16/pdf/2024-06563.pdf.
5 *See* 1 FERC ¶ 61,122.
6 *See* PacifiCorp application submitted in UM 2351, October 16 at 9.

the Company to make an additional compliance filing within 60 days.[7] The Company made an additional compliance filing on July 11, 2025. The Company requested July 13, 2025, as the effective date, meaning the transitional cluster study process will commence on September 12, 2025.

PacifiCorp is seeking Commission approval for proposed modifications to their Qualifying Facility Large Generator Interconnection Procedures (QF-LGIP) and Qualifying Facility Large Generator Interconnection Agreement (QF-LGIA) (Queue Reform Proposal) that will allow the Company to continue to include Oregon jurisdictional interconnection in the FERC approved cluster study process. PacifiCorp has requested an effective date prior to the September 12 start of the transitional cluster study.

In addition to Staff's comments, comments on PacifiCorp's filing were received from the Interconnection Trade Association (ITA), which includes Community Renewable Energy Association (CREA), the Renewable Energy Coalition (REC), and the Oregon Solar + Storage Industries Association (OSSIA). Below Staff discusses outstanding concerns with PacifiCorp's proposal and makes recommendations in response to these concerns.

Analysis
PacifiCorp proposes revisions to its existing QF-LGIP, QF-LGIA, and QF-SGIP designed to align the Company's interconnection process for state jurisdictional with the cluster study process required for FERC jurisdictional large generators under FERC Order No. 2023. Staff's review suggests that the Company is proposing to apply the FERC processes and requirements to Oregon jurisdictional generators with a few exceptions addressed below.

<u>Inclusion of state jurisdictional generators in the cluster process</u>
When considering the inclusion of state jurisdictional generators in the FERC cluster study process in 2020, the Commission committed:

> We will monitor and review implementation on an ongoing basis. As we move forward with the cluster approach, we preserve for later consideration the possibility of a concurrent serial approach.[8]

Staff provides an assessment of the functionality of the cluster study for state

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7 *See* 20 FERC ¶ 61,122, "Therefore, we direct PacifiCorp to submit, within 60 days of the date of this order, a further compliance filing that either adjusts the relevant proposed variations to reflect the Commission's pro forma procedures and agreements without modification or justifies the proposed variations as consistent with or superior to the Commission's pro forma procedures and agreements."

8 Docket No. 2108, Commission Order No. 20-268, p. 2.

jurisdictional generators to date.

With the exception of those electing to use the Community Solar Interconnection Process[9] and small generators passing fast track screens, PacifiCorp has studied all state jurisdictional generators, large and small, through the cluster study process since 2020. PacifiCorp has conducted a transition cluster and three subsequent cluster study processes.[10] The Company also initiated a fourth cluster study in 2024.[11] Review of PacifiCorp's OASIS data reveals that roughly half of the interconnection applicants located in Oregon that qualified for the transition cluster have executed an interconnection agreement that is still active. For projects located in Oregon entering Clusters 1-3, roughly 13 percent have executed an interconnection agreement that remains active. Further, 86 projects participating in Oregon clusters have withdrawn or terminated their interconnection agreement (61 percent) and 5 have suspended their interconnection agreement (4 percent). Since the transitional cluster study, with 41 MWs of generation under SGIA, there has been an additional five MWs of generation added from two applicants who executed SGIAs. No interconnection applicants that participated in Oregon clusters are operational yet.

9 On April 9, 2020, the Commission issued Order No. 20-122, which approved PacifiCorp's use of an optional, alternative interconnection process offered on an experimental basis for eligible Community Solar Projects.

10 PacifiCorp OASIS website, (https://www.oasis.oati.com/ppw/index.html) under Generator Interconnection, Cluster Queues.

11 In the Company's Application for Revision of Interconnection Procedures at 7, "Due to ongoing restudies of prior years' generation interconnection cluster studies, the 2024 Cluster Study has not yet commenced and will likely be delayed."

Table 1.

PacifiCorp Cluster Study Results - Oregon					
	Applications	Total MWs	Active Interconnection Agreement	Active MWs	Online
Transition Cluster					
LGIA*	6	330	4	200	0
SGIA*	10	86	5	41	0
Cluster 1					
LGIA*	8	1,832	3	798	0
SGIA*	2	22	1	2	0
Cluster 2					
LGIA*	58	9,351	11	1,417	0
SGIA*	10	28	0	-	0
Cluster 3					
LGIA*	40	7,576	0	0	0
SGIA*	6	32	1	3	0
Cluster 4					
LGIA*	19	4,883	0	0	0
SGIA*	14	102	0	0	0

Staff agrees that there are issues with the current cluster-study process PacifiCorp is using. The Company's response to Staff's informal data request to PacifiCorp highlights the problem. When asked how many interconnections had been completed from the Company's Transitional cluster study, and those that followed annually from 2021-2024, the Company responded "zero". Conversely, the Company has interconnected 17 CSP projects.[12] Staff believes a similar approach could be implemented for small Oregon-jurisdictional generators.

When considering inclusion of state generators in the cluster study process in 2020, Staff noted the potential for cost sharing to overcome the network upgrade costs causing queue stagnation under the serial process and the complexity of studying a serial queue of generators concurrently with a cluster study process of generators that may be electrically relevant.[13] Staff also noted the potential for very small generators to

[12] *See* July 2025 Monthly Project Progress Report, accessible at the following link: https://www.oregoncsp.org/monthly-reports/.
[13] Docket No. UM 2108, Staff report, August 3, 2025.

benefit from the cluster cost allocation approach. Review of cluster study results and individual generator facility study results suggests that small generators are seeing benefits from the cost allocation approach in the study phase; however, the majority of clusters continue to face withdraw, restudy, and stagnation issues within the clusters. State jurisdictional interconnection customers, particularly very small projects, have yet to see the potential benefits of inclusion in the cluster study process.

Staff recognizes that neither cluster nor serial approaches have functioned effectively for PacifiCorp's Oregon system nor nationwide. The cluster study process has had little time to mature and the Company has not yet implemented the new FERC requirements designed to "reduce backlogs for projects seeking to connect to the transmission system, improve certainty in the interconnection processes managed by the dozens of transmission providers around the country, and ensure access to the transmission system for new technologies."[14] Staff does not believe that taking large state jurisdictional generators or small generators that connect to the transmission network out of the cluster process is likely to result in better outcomes. However, based on the information available to date, Staff is concerned that it is disadvantaging small community-based renewable energy projects and other small generators connecting to the distribution network to be included in the cluster with larger generators. Staff recommends the Commission consider taking action to identify more functional processes for these generators.

Staff recommends that the Commission direct PacifiCorp create an additional interconnection option for small generators, connecting to the distribution system, that builds off the CSP interconnection process. The CSP process was designed to pilot a streamlined interconnection approach for small generators in low-risk locations. The CSP process includes a safeguard where unexpected Network Upgrade costs can be brought forward to the Commission for consideration, which has not occurred to date. Staff recommends that the Commission direct PacifiCorp to file a proposal with the Commission within 60 days of the Commission's order.

Applicant Withdrawal Penalties

In opening comments Staff argued for the Company to reinstate caps on penalties for large QFs who withdraw from the cluster study process, consistent with those in Order No. 20-268. The reasoning was the "relatively small scale and financing constraints."[15] Staff suggested caps consistent with those put in place when PacifiCorp initially moved to cluster studies. The table below shows the proposed penalties, as well as those from Order No. 20-268. To be clear, the penalties faced by the withdrawing applicant would be "based either on the actual study costs or on a percentage of the

[14] *See* FERC Explainer on the Interconnection Final rule at: https://www.ferc.gov/explainer-interconnection-final-rule last accessed 8/20/25.

[15] Staff Comments, at 2.

interconnection customer's assigned network upgrade costs, depending on what phase the interconnection customer withdraws its interconnection request."[16] These costs would be based on the costs attributable to the interconnection customer.[17]

Phase of Withdrawal	Total Withdrawal Penalty Proposed (if greater than study deposit)	Penalties from Order No. 20-268	
		Withdrawal Penalty	Penalty Cap
Initial Cluster Study	2 x study costs	2X actual study costs	$1 million
Cluster Restudy	5% of Network Upgrade costs	3X actual study costs	$1.5 million
Facilities Study	10% of Network Upgrade costs	5X actual study costs	$2 million
Upon execution of, or after a request to file unexecuted, the LGIA	20% of Network Upgrade costs	9X actual study costs	No Cap

The Company argues that caps on withdrawal penalties for large QFs would frustrate the FERC reforms.[18] The Company also states that capped penalties have not worked, citing withdrawals as the driving restudies which delay interconnections.[19] The Company also discusses the motivation behind the FERC penalties. PacifiCorp's application also exempts small generators from withdrawal penalties.

Many of Staff's concerns have been alleviated in further review of FERC

16 FERC Order No. 2023, paragraph 791.

17 FERC Order No. 2023, paragraph 791 clarifies this "as the greater of the study deposit or: (1) two times the study cost if the interconnection customer withdraws during the cluster study or after receipt of a cluster study report; (2) 5% of the interconnection customer's identified network upgrade costs if the interconnection customer withdraws during the cluster restudy or after receipt of any applicable restudy reports; (3) 10% of the interconnection customer's identified network upgrade costs if the interconnection customer withdraws during the facilities study, after receipt of the individual facilities study report, or after receipt of the draft LGIA; or (4) 20% of the interconnection customer's identified network upgrade costs if, after executing, or requesting to file unexecuted, the LGIA, the interconnection customer's LGIA is terminated before its generating facility achieves commercial operation."

18 PacifiCorp Reply Comments, at 3-4, "*Oregon QFs subject to lower penalties would be encouraged to remain in the queue longer, only to withdraw later in the process, thereby frustrating the reforms adopted by FERC by triggering restudy delays for other Oregon QFs and FERC-jurisdictional generators in the same cluster*."

19 PacifiCorp Reply Comments, at 4.

Order No. 2023. Providers can only asses a withdrawal penalty if said withdrawal has a "material impact on the cost or timing of any interconnection requests with an equal or lower queue position."[20] The order also allows for exemption from withdrawal penalties in cases where network costs increase substantially.[21] FERC also states, "potential interconnection customer will have access to heatmap information, as required in this final rule, that will allow it to evaluate project feasibility without a financial commitment and thereby avoid potential withdrawal penalty risk."[22] Given the protections afforded large interconnection customers, as well as the Company's limiting these to large generators in the cluster, Staff believes the current PacifiCorp proposal, without caps is sufficient for large QFs.

PacifiCorp proposes to continue studying small generators in cluster studies. However, Staff is not convinced that the reforms ordered by FERC and requested by PacifiCorp in this docket will lead to greater success for small QFs. Staff supported including small generators in cluster studies, believing the process would be beneficial to them and lead to proportional sharing of network integration costs between small and large generators. Instead, it appears to Staff that small generators, those under 10 MW are not benefited by the process but instead are sidelined by it and left in limbo while the cycle of withdrawals and restudies plays out between larger generators and the Company. Staff is concerned that the trend will continue, leaving small generators unable to move forward.

ITA raised concerns with this approach as well noting that "it appears from review of PacifiCorp's cluster queues that Oregon's small generators interconnecting at the distribution level of the system are likely being delayed by placement in a cluster with much larger interconnection customers triggering much larger upgrades at the cluster level. The limited ability to commence interconnection during a single annual cluster window is also likely deterring development of small-scale renewable facilities in Oregon."

Other Concerns

Staff and ITA raised concerns about the lack of non-financial alternatives for QFs to demonstrate commercial readiness.[23] In response PacifiCorp committed to revising, "its

[20] FERC Order No. 2023, paragraph 783.

[21] FERC Order No. 2023, paragraph 784 states: "(1) the interconnection customer withdraws its interconnection request after receiving the most recent cluster study report and the network upgrade costs assigned to the interconnection customer's request have increased 25% compared to the previous cluster study report, or (2) the interconnection customer withdraws its interconnection request after receiving the individual facilities study report and the network upgrade costs assigned to the interconnection customer's request have increased by more than 100% compared to costs identified in the cluster study report."

[22] FERC Order No. 2023, paragraph 786.

[23] Staff comments, at 2 and ITA at 7.

proposal to mirror the non-financial commercial readiness options that FERC approves when it issues PacifiCorp's Order No. 2023 compliance decision."[24] Staff appreciates the Company's willingness to make the suggested change.

Staff and ITA also raised concerns with PacifiCorp's approach to late study penalties as related to QFs over 10 MW. The original proposal did not impose penalties on the Company for failing to meet study timelines in the QF-LGIP. The Company is willing to add the FERC penalty language to the QF-LGIP and, "understands this recommendation to apply to a cluster that includes only Oregon QFs and therefore would not be subject to the same penalties adopted by FERC."[25] Staff believes this approach is sufficient.

ITA made several additional recommendations, in reply comments PacifiCorp agreed to address omission of definitions related to the transitional cluster study process, substation network upgrades and regulatory limitations in their QF-LGIP. The Company will also amend Article 4.4.2 to incorporate language allowing for decreases in electrical output, in line with FERC language, without being deemed a "Material Modification".[26]

ITA also argues for the Company to allow for QFs to replace generators without needing to restart an interconnection request in a new cluster. The Company argues that this was not a requirement of FERC Order No. 2023 and is beyond the scope of this process. The Company argues against implementing changes to QF-LGIP in line with FERC Order No. 845, claiming it is beyond the scope of the filing.[27] Items here include surplus interconnection policy, which would allow interconnection customers to:

- Use surplus generation capacity,
- Use provisional interconnection service prior to completion of the interconnection process,
- Allow for permissible technological advancement, and
- Option to build policy.

PacifiCorp has agreed to revise the proposed QF-LGIA to incorporate the definitions under the option to build policy, which Staff supports. However, the Company contends the other items are out of scope. While Staff agrees that these reforms are from FERC Order No. 845, incorporation of the requirements at this time could be beneficial. PacifiCorp did not raise any meaningful objections, outside of scope, as such Staff recommends incorporating the listed FERC Order No. 845 reforms.

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[24] PacifiCorp Reply Comments, at 12.
[25] PacifiCorp reply comments, at 13.
[26] PacifiCorp reply comments, at 17.
[27] PacifiCorp reply comments, at 20.

ITA raises concerns with the QF-LGIA and alignment with the FERC LGIA. PacifiCorp has also agreed to make several, but not all, of the recommended changes:

(a) QF-LGIA § 2.2 – Term of Agreement,
(b) QF-LGIA § 2.3.4 – Change in Qualifying Facility Status,
(c) QF-LGIA § 5.14 – Permits,
(d) QF-LGIA § 6.2 – Post Commercial Operations Date Testing and Modifications,
(e) QF-LGIA §§ 11.3 & 11.4 – Network Upgrade Refunds.

Of the items in the list above, PacifiCorp has agreed to address (a) and (c), with current language addressing concerns with (b). Staff believes this addresses ITA concerns for those issues. For items (d) and (e), ITA recommendations impact costs allocation, something that Staff does not support at this time.

Conclusion

Staff believes the Company's filing satisfactorily incorporates requirements from FERC Order No. 2023 in their updated cluster study process. In reply comments, most issues raised by stakeholders and Staff were addressed. There are however some remaining issues Staff believes should be addressed, some from FERC Order No. 845. While they may seem out of scope, adoption of these would be appropriate without being overly onerous.

Staff also believes that given the dearth of interconnections for small generators in PacifiCorp's current approach, there is an opportunity to address the situation here. CSP projects have been able to successfully interconnect, and commence operations; Staff believes a similar approach for small generators here could show marked improvement in the success of small generators trying to interconnect to PacifiCorp's network.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's' application for revision of interconnection procedures with the following modifications:

1. Direct PacifiCorp to file a proposal with the Commission within 60 days of the Commission's order streamlining interconnection procedures for Oregon-jurisdictional small generators, connecting at the distribution level, that builds off of the CSP interconnection process.
2. Align QF-LGIA Article 2.2 – Term of Agreement provision with the FERC LGIA term.

3. Align QF-LGIA § 5.14 – Permits with the language in the FERC LGIA.