

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1734

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application to Reduce the Qualifying  
Facility Contract Term and Lower the  
Qualifying Facility Standard Contract  
Eligibility Cap.

ORDER

DISPOSITION: MOTION FOR INTERIM RELIEF GRANTED

We grant the motion of PacifiCorp, dba Pacific Power and reduce the eligibility threshold for standard qualifying facility (QF) power purchase agreements (PPAs) from 10 MW to 3 MW on an interim basis pending final resolution of the company's request for permanent reductions to the eligibility threshold and fixed-price term of PPAs.

**I. PROCEDURAL HISTORY**

On May 21, 2015, PacifiCorp filed an application seeking to reduce the QF contract term from 15 years to 3 years and lower the QF standard eligibility cap for standard QF pricing and PPAs from 10 MW to 100 kW for both wind and solar QFs. We docketed that request as UM 1734, and have adopted a schedule for its review.

On July 9, 2015, PacifiCorp filed a motion seeking interim relief to reduce the standard contract eligibility threshold for solar QF PPAs from 10 MW to 3 MW pending final resolution of the company's request for permanent reduction to the eligibility threshold and fixed-price term. PacifiCorp notes that this interim relief is identical to that we provided to Idaho Power Company in Order No. 15-199.<sup>1</sup>

Responsive pleadings opposing PacifiCorp's motion were jointly filed by Obsidian Renewables, LLC; Cypress Creek Renewables, LLC; Renewable Energy Coalition; Community Renewable Energy Association; and Oregonians for Renewable Energy Progress (Joint Parties.); and by Renewable Northwest and NW Energy Coalition (Renewable NW/Coalition); and OneEnergy Renewables (OneEnergy). PacifiCorp replied on July 24, 2015.

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<sup>1</sup> Unlike Idaho Power, PacifiCorp's request for interim relief was prospective only. The company does not seek, as did Idaho Power in a July 8, 2015 motion for clarification, a decision with respect to the treatment of applications filed between the entry dates of Orders 15-130 (docket UM 1610) and 15-199 (docket UM 1725).

## II. DISCUSSION

### A. Positions of the Parties

#### 1. *PacifiCorp*

PacifiCorp asserts that, like Idaho Power, it has experienced a sharp increase in requests for long term PPAs at fixed prices that exceed the company's actual avoided costs. Interim relief is necessary to protect PacifiCorp's customers and prevent QF developers from engaging in geographic arbitrage: exploiting different eligibility thresholds and shifting new projects onto PacifiCorp's system rather than developing projects based on considerations of price, location, and need.

PacifiCorp claims that, as of May 1, 2015, it had 338 MW of executed QF PPAs in Oregon and another 587 MW in active requests. Since May 1, PacifiCorp states it has executed an additional 152 MW of Oregon PPAs. PacifiCorp explains that the total 925 MW of existing and proposed QF contracts in Oregon at their nameplate capacity would be enough to supply 56 percent of the company's average Oregon retail load and 90 percent of its minimum load. The company also notes that between 2007 and 2013, it received an average of 21 project requests per year for interconnection, but that during 2014, it received 47 interconnection requests and is on track for 42 requests by year end 2015; the vast majority of requests for interconnection were for solar QF projects. Without interim relief, PacifiCorp argues that it would be forced to enter into substantial long-term contracts that exceed its actual avoided costs.<sup>2</sup>

PacifiCorp contends that reducing the eligibility threshold from 10 MW to 3 MW would produce narrow, targeted and appropriate relief. QF developers would not be prejudiced as the Commission noted in its Order No. 15-199, and developers with projects exceeding 3 MW would still be able to negotiate non-standard contracts under Schedule 38.

#### 2. *Joint Parties*

Joint Parties, submitting testimony regarding the queue of generation interconnection projects along with their pleading, argue that the facts do not support PacifiCorp's representations. The Joint Parties maintain that QF development efforts are neither unprecedented nor extreme, and present no harm to PacifiCorp ratepayers. They emphasize that not a single solar QF project of any significant size has been built in Oregon in recent memory; only 1 of 95 solar projects requested has actually been built for the company and it is a 2 MW, non-QF facility. In addition, the parties note that, since 2007, only about 10 percent of all renewable projects seeking PPAs have actually been built. Furthermore the 30 percent tax credit applicable to solar projects is due to expire at the end of 2016.

The Joint Parties also argue that the relief sought by PacifiCorp is barred by the stipulation in UM 1610, which they claim allows Idaho Power, and no other party, to open a separate docket to raise issues applicable to the capacity threshold. Thus, the parties contend that PacifiCorp is in direct violation of the stipulation.

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<sup>2</sup> PacifiCorp Motion at 3.

### 3. *Renewable NW/Coalition*

Renewable NW/Coalition says that PacifiCorp has failed to demonstrate that a dramatic solar QF increase will materialize, or that an increase in QFs at the company's recently-updated avoided cost rates would be problematic on a system the size of PacifiCorp's. Renewable NW/Coalition also contends that PacifiCorp has failed to demonstrate that new solar QFs will impose costs in excess of its avoided costs.

### 4. *OneEnergy*

OneEnergy similarly contends that the facts do not demonstrate that an emergency situation exists and supports the fundamental arguments of the Joint Parties.

## B. **Resolution**

We grant PacifiCorp's motion for interim relief. Changing circumstances require reevaluation of previous decisions regarding the implementation of our PURPA policies. Furthermore, we are acting in a legislative capacity, rather than enforcing or interpreting an agreement between litigants, in addressing these matters.

PacifiCorp's filings persuade us that there has been significant growth in QF development in its territory. Interim relief is appropriate to protect ratepayers from the possibility of being charged more than PacifiCorp's avoided power costs during the pendency of our review. We recognize that intervenors dispute some of PacifiCorp's figures and raise questions about whether all these QF projects will actually be built. Nonetheless, we find sufficient reason to provide a modest measure of relief pending our further analysis of market conditions and Commission QF policies. Furthermore, as PacifiCorp notes, having granted Idaho Power's request for interim relief in Order No. 15-199, a failure to provide a similar 3MW cap on solar QF project eligibility to PacifiCorp might well encourage developers to engage in geographic arbitrage.

## III. **ORDER**

IT IS ORDERED that:

1. The motion for interim relief filed on July 9, 2015, by PacifiCorp, dba Pacific Power, is granted.
2. Order Nos. 05-584 and 14-058 are amended to reduce, on an interim basis and effective May 21, 2015, the eligibility cap to 3 MW for standard contracts offered by PacifiCorp, dba Pacific Power to solar QF projects.


3. PacifiCorp, dba Pacific Power shall make compliance filings as necessary consistent with this order.

Made, entered, and effective                     AUG 14 2015                    .

  
**Susan K. Ackerman**  
Chair

  
**John Savage**  
Commissioner



  
**Stephen M. Bloom**  
Commissioner

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).