BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1987

In the Matter of

Portland General Electric Company,

Request to Update Schedule 201 and Standard Power Purchase Agreements.

NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION, RENEWABLE ENERGY COALITION, AND COMMUNITY RENEWABLE ENERGY ASSOCIATION'S RESPONSE TO PORTLAND GENERAL ELECTRIC COMPANY'S MOTION TO LIFT STAY

INTRODUCTION

The Northwest & Intermountain Power Producers Coalition ("NIPPC"), the Renewable Energy Coalition (the "Coalition"), and the Community Renewable Energy Association ("CREA") (collectively the "QF Parties") respectfully request that the Public Utility Commission of Oregon ("OPUC" or "Commission") deny Portland General Electric Company's ("PGE") Motion to Lift Stay.

The Commission properly granted the stay in this proceeding, and the facts justifying the stay have not materially changed. The Commission's rulemaking to establish terms and conditions for standard contracts for all three Oregon utilities in AR 631 remains ongoing and unresolved. As PGE acknowledges, Staff has indicated it plans to distribute the straw proposal in that proceeding in January 2021, and there will necessarily be overlapping issues in that proceeding and PGE's proposed power purchase agreement ("PPA") submitted for approval in this proceeding. Thus, litigating PGE's proposed re-write of its standard PPA in this contested

NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION, RENEWABLE ENERGY COALITION, AND COMMUNITY RENEWABLE ENERGY ASSOCIATION'S RESPONSE TO PORTLAND GENERAL ELECTRIC COMPANY'S MOTION TO LIFT STAY

UM 1987 – PAGE 1

case proceeding before completing AR 631 would be a duplicative waste of the parties' and the Commission's resources.

PGE complains that Staff has not expedited the AR 631 rulemaking, but this complaint ignores several legitimate reasons why AR 631 has not progressed as quickly as PGE would like, including an intervening global pandemic and remote working conditions that arose shortly after the stay was issued and unexpected turnover of Staff personnel working on this docket.

Additionally, Staff reasonably sought to delay AR 631 until completion of the Federal Energy Regulatory Commission's ("FERC") nationwide rulemaking under the Public Utility Regulatory Policies Act of 1978 ("PURPA") was completed, which did not occur until November 19, 2020. Thus, while the QF Parties agree that the Commission should resolve AR 631 as soon as possible, the delay in its completion does not negate the adverse impacts of duplicative litigation that will result if the Commission lifts the stay in this proceeding.

In sum, aside from its unjustified attack on Staff's alleged failure to expedite AR 631, PGE's Motion to Lift Stay makes no new arguments and amounts to little more than an untimely request to reconsider the ruling granting the stay. The Commission should again reject PGE's arguments.

BACKGROUND

This contested case regards PGE's "Request to Update its Schedule 201 and Standard Power Purchase Agreements" (hereafter "PGE's Application"), wherein PGE proposed to completely re-write its standard PPA for Oregon qualifying facilities ("QFs"). Despite PGE's representations that the new standard PPA presented Commission policy changes and was

merely a clarification of its currently effective standard PPA, ¹ the QF Parties discovered otherwise in the ensuing workshop process. Indeed, PGE had proposed numerous provisions that were directly contrary to, and in many cases radically different from, existing Commission policies or substantive provisions of PGE's currently effective standard PPA.² While PGE's stated goal was to remove ambiguity that PGE perceives to exist in its currently-effective, PGE-drafted standard PPA, in virtually every case of such "clarification," PGE resolved ambiguities in its own favor. The QF Parties continued to identify new issues and concerns with the documents several months into the workshop process. Ultimately, at great expense to the QF Parties, the parties engaged in six workshops and exchanged numerous drafts and proposed revisions to PGE's proposed documents. However, PGE elected not to continue with discussions to reach an agreement. Instead, PGE decided to move forward with a proposal to the Commission in this proceeding – apparently hoping the Commission would override or overlook stakeholder concerns with PGE's proposals.

Meanwhile, during pendency of the parties' discussions related to PGE's proposed revisions to its Schedule 201 and standard PPAs in this proceeding, the Commission commenced a proceeding to develop standardized terms and conditions applicable to QFs selling to all three utilities. This proceeding was proposed by Staff, which had participated in the workshops in this

¹ *PGE's Initial Application* at 2.

See NIPPC, Coalition, and CREA's Motion to Stay, Docket No. UM 1987, at 6-7 (Nov. 12, 2019) (listing numerous material changes in PGE's initial filing).

proceeding and apparently understood the burdens and risks associated with each utility drafting its own standard PPA.³ Staff explained:

Staff proposes to draft a straw proposal of standard contract procedures and terms to initiate a holistic review of contract terms. The terms of a contract are interdependent and previous changes to certain terms of a contract after a complaint proceeding or general investigation can have unintended consequences for the application or implementation of other terms. A holistic examination of PURPA standard contracts, with emphasis on obtaining internal consistency that balances the interests of the utility and QFs would benefit the Oregon wholesale market and ratepayers.⁴

The Commission approved Staff's proposal and opened a rulemaking in AR 631.

Despite commencing the AR 631 process, PGE filed its Revised Request to Update Schedule 201 and Standard Power Purchase Agreements (hereafter "PGE's Revised Application") on October 1, 2019, which is a massive filing that is extremely burdensome to analyze and evaluate fully. PGE's Revised Filing includes eight separate contract forms and a whole new Schedule 201, and it consists of 505 pages. The redline version of the documents requested by the Commission, which included additions and strikeouts, is 982 pages long. PGE points to an explanatory "matrix," which PGE states can serve to simplify the review. The latest version of this matrix appended to the Revised Filing contains tables that are 91 pages long in what appears to be approximately a 10-point font. The matrix contains the provision of the proposed PPA templates in one column and the provision of PGE's currently effective PPA, if

See Staff Memorandum Re Regular Public Meeting on July 30, 2019, Regular Agenda Item 2: UM 2000, at 1 (July 22, 2019).

⁴ *Id.* at Attachment A at 21.

any, to which PGE asserts the provision corresponds and revises. In a third column, the tables contain a brief statement regarding PGE's position on the change. However, given that PPA provisions are highly interrelated to numerous provisions within the agreement, one cannot independently assess the effect of the various topics in a PPA by comparing one provision to another, as the matrix attempts to do. Thus, while useful and appreciated, the matrix is ultimately just a 91-page starting point to understand how PGE characterizes its proposals.

PGE asserted that it "eliminated changes proposed in the Original Filing that would have imposed additional substantive responsibilities on QFs and removed those few provisions that would have required a change in Commission policy." But no other party supported PGE's Revised Application. PGE did not ask the QF Parties to review the newly revised documents before filing its Revised Application.

Further, after an initial review of PGE's Revised Application, the QF Parties preliminarily identified two dozen provisions in Schedule 201 and the proposed standard PPAs that would be disputed and thus would need to be resolved by the Commission.⁶ More generally, the QF Parties strongly object to the increased length and complexity of the PPA included with PGE's Revised Application, which is inconsistent with the purpose of having an off-the-shelf contract that will reduce transaction costs and contracting issues with small QFs. The length and complexity of the document alone may well deter certain entities from attempting to sell their

⁵ *PGE's Revised Application* at 2.

See NIPPC, Coalition, and CREA's Motion to Stay, Docket No. UM 1987, at Attachment 1 (Nov. 12, 2019) (listing issues preliminarily identified as being disputed).

output to PGE under PURPA, and it would significantly increase the costs on parties and Staff to review and identify potential issues in the documents.

Logically, the QF Parties moved to stay the adjudication of PGE's Revised Application until after the resolution of AR 631 to avoid duplicative litigation and preserve scarce Commission and party resources. As the QF Parties explained in the Motion to Stay, PGE's Revised Application has not limited its newly proposed documents length or burdensomeness. The standard PPAs in PGE's Initial Application had nearly double the word count compared to the currently approved standard contract, and the newly revised documents are even longer still. This is not a small undertaking, and Stay Motion asserted the parties should not be subjected to it now only to later reopen the same forms upon the conclusion of AR 631.

The Commission agreed with the QF Parties and granted the requested stay.⁷ The Commission found that "[v]etting each change in PGE's amended Schedule 201 and PPAs for materiality, relevance and effect is, on its face, a daunting and time-consuming task, even with the assistance of red-lined texts." Further, "[i]ntroducing a possible myriad of unknown issues within the newly-proposed PGE Schedule 201 and PPAs would not best achieve our goal of uniformity for standard contracts across utilities as promptly as possible through docket AR 631." The Commission found "that for judicial economy it makes sense to first focus on the participants' efforts on the rulemaking proceedings for all standard contracts, rather than a PGE-

⁷ Ruling, Docket No. UM 1987 (Dec. 23, 2019).

⁸ *Id.* at 3.

⁹ *Id*.

specific process."¹⁰ The Commission further stated: "We expect that docket AR 631 will continue to move at an appropriate pace and serve as the best venue for dealing with standard contract language for all utilities."¹¹ The Commission directed a status update from Staff, and it stated parties may respond to Staff's update if they found reason to lift the stay.¹²

Staff filed its status update on July 28, 2020.¹³ Staff stated it had not yet prepared draft rules but was continuing to work on them, even though there had been a delay due to the press of other work and to allow for finalization of the FERC's PURPA rulemaking in FERC Docket No. RM19-15.¹⁴ Staff further explained that it intended for AR 631 to address many of the changes proposed in Docket No. UM 1987. Staff, therefore, asked that the Commission continue to suspend Docket No. UM 1987.¹⁵ PGE did not timely respond requesting to lift the stay in response to Staff's status update.

Notably, the FERC rulemaking that contributed to Staff's reluctance to finalize its proposal in AR 631 had resulted in a Final Rule in FERC Order No. 872 issued on July 16, 2020. Still, after Staff filed its status update here, many parties moved for rehearing before FERC. The rehearing before FERC was not completed until the issuance of Order No. 872-A on November 19, 2020.¹⁶

_

¹⁰ *Id*.

¹¹ *Id*.

¹² *Id*

Staff's Status Report, Docket No. UM 1987 (July 28, 2020).

¹⁴ *Id.* at 1.

¹⁵ *Id.* at 2.

Order No. 872-A, FERC Docket RM19-15, 173 FERC ¶ 61,158 (Nov. 19, 2020).

On December 31, 2020, PGE filed its Motion to Lift Stay. In its Motion to Lift Stay, PGE acknowledges that "Standard PPA requests to PGE have slowed over the past two years," 17 thus eliminating the emergency PGE had previously alleged to exist in support of its request to process this case before AR 631. Specifically, based on PGE's filings at the Commission, there have been four standard contracts between PGE and QFs in the last year, amounting to about 7 MWs.¹⁸ When it comes to small-scale renewable facilities selling power to PGE, PURPA does not appear to be a viable option at this time, and PGE does not explain why it should be expected to become more viable in the near future. PGE also acknowledges that, despite the delay, Staff intends to circulate its straw proposal in AR 631 in January 2021. 19 But PGE complains that Staff has not expedited AR 631 sufficiently to PGE's liking. Therefore, PGE re-asserts the same arguments it previously made in opposing the stay and urges the Commission to lift the stay in this proceeding.

ARGUMENT

The Commission should deny PGE's request to lift the stay because PGE has not demonstrated any material changes to the circumstances upon which the Commission relied in granting the stay. As the QF Parties previously argued in support of the stay, PGE unreasonably asks the Commission to approve a whole new set of standard PPAs and Schedule 201 at the same time the Commission is engaged in a major PURPA investigation to develop standard PPA terms

17 PGE's Motion to Lift Stay, Docket No. UM 1987, at 2 (Dec. 31, 2020).

Cork Solar 1.26 MW, Stilogran Solar 1.53 MW, Cusack Solar 2.565 MW and Auburn Solar 1.26 MW. https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID =19098

¹⁹ *Id.* at 5.

and conditions applicable to all three utilities. It would be one thing if PGE had merely built off of the work of its currently approved standard PPA, or if PGE were presenting the Commission with a set of standard PPAs that had universal stakeholder support to adopt for interim use during the generic proceedings. But PGE has done neither of these things. Instead, PGE seeks to rush its enormous filing with vast and unknowable consequences through the Commission.

PGE's Revised Application contains substantive and numerous changes adverse to the status quo (and in PGE's favor) as compared to PGE's currently effective standard contract templates. PGE's initial filing in this docket was a vast, substantial rewrite of its PPA, containing extensive substantive policy, procedural, rights, and relational changes, including attempts to resolve issues in PGE's favor that were the subject of active litigation. PGE did so in the context of a wholly new document that lost prior ties to documents associated with prior Commission proceedings for the same policies and issues, thus creating new dispute risks and unmooring the new document from a decade of history and institutional and stakeholder familiarity. As the Commission's ruling granting a stay acknowledged, this approach introduced unknowable risks into the contracting process. While the QF Parties and others, including Commission staff, engaged in good faith with PGE for several months to attempt to reach an agreement, PGE ultimately decided to abandon the stakeholder process and seek Commission approval of its preferences. PGE's Revised Application could only be adopted through a protracted contested case. In this case, full review and briefing would impose an enormous workload on stakeholders, Staff, and eventually the Commission, while concurrently developing administrative rules on the same subject in AR 631. Such an approach would be ill-fated and wasteful of parties and Commission resources.

As the Commission previously found, lifting the stay would result in duplicative and unnecessary proceedings. The unnecessary burden could easily be tripled if the other two Oregon utilities followed PGE's lead by proposing to completely re-write their own standard PPAs. In fact, NIPPC and REC are aware, through work in other states and discussions in the AR 631 workshop, that PacifiCorp has created its own whole new contract form of similar length and complexity to PGE's proposed new PPA, and PacifiCorp has already proposed its use in Washington, Idaho, and possibly other states.²⁰ If PGE is allowed to move forward with litigating its contract re-write before completion of AR 631, the Commission should expect that PacifiCorp will also seek to do so. The avalanche of work in such a circumstance would overwhelm the QF Parties and the Commission prematurely before the generic policy questions could be resolved in AR 631 to reduce the overall burden related to PURPA PPAs.

Additionally, maintaining the stay here is consistent with Commission precedent, which strongly supports avoiding duplicative litigation and which PGE completely fails to address in its Motion to Lift Stay. As we pointed out in our Motion to Stay, in Docket No. UM 1546, an individual utility (PacifiCorp) and a QF disputed the proper allocation of costs to transmit the QF's power out of a load pocket.²¹ The case had initially been placed in a stay pending the outcome of UE 235, where a similar issue was contested, but after several months of the stay, the QF sought to lift the stay to move forward with its individual case adjudicating the issue under PacifiCorp's standard PPA. The Commission maintained a stay until completion of the generic

E.g., Washington Utilities and Transportation Commission Docket No. UE-190666.

Three Mile Canyon Windfarm, LLC v. PacifiCorp, Docket No. UM 1546, Order No. 12-475 at 1-2 (Dec. 10, 2012).

proceeding in Docket No. UM 1610, where the issue was set to be resolved for all three utilities.²² The stay was maintained to "avoid unnecessary duplicative litigation and to resolve the issue of third-party transmission costs in a proceeding involving all affected parties[.]"²³ Similar to its ruling instituting the stay in this proceeding, the Commission explained in UM 1546 that it would make little sense to address an issue solely regarding one utility while adjudicating it in a generic fashion with respect to all three utilities – "[b]ecause the third-party transmission cost issue affects other utilities and QFs, we affirm the decision to address the issue in docket UM 1610 with input from all affected parties."²⁴ There was no prejudice with the stay because it maintained the status quo for the contracting parties.²⁵

Similarly, here, the stay is warranted to avoid duplicative litigation between a utility-specific docket and a generic PURPA proceeding. Additionally, the status quo is maintained for PGE pending completion of AR 631, because as the Commission's ruling granting the stay stated, PGE may still use the currently effective, and Commission-approved standard contract PGE drafted because it complies with PURPA.

Instead of citing the directly applicable precedent in UM 1546 from a prior Commission PURPA proceeding, PGE relies on stay orders from Oregon tax courts, which are not applicable here and are unhelpful to PGE in any event.²⁶ PGE argues that the Commission should consider

²² *Id.* at 3.

²³ *Id*.

²⁴ *Id*.

²⁵ *Id.*

²⁶ PGE's Motion to Lift Stay, Docket No. UM 1987, at 6 n 15 (Dec. 31, 2020).

(1) the interests of the parties, (2) efficiency, and (3) the interests of nonlitigants and the public.²⁷ But none of these factors support lifting the stay. The duplicative litigation PGE proposes would be terribly inefficient, and the interests of the QF Parties and the Commission itself would be adversely affected by lifting the stay to subject them to such process. PGE is the party that drafted its currently effective standard contract, and therefore any harm to PGE's interest imposed by the stay is a problem of PGE's own making. For nonlitigants, denial of the stay is likely to prejudice the outcome of certain issues in AR 631 and undermine the parties' rights to that proceeding, including the other two utilities. This undesirable result would occur if any issue of interest in AR 631 is addressed in this proceeding – either directly or indirectly – because the resolution of the issue in this proceeding would establish a precedent that would later influence the outcome of the same issue in AR 631.

Further, the QF Parties continue to disagree with PGE's reliance on its assertion that the new contract form will reduce disputes, therefore benefitting PGE's customers.²⁸ PGE made this same argument in response to the initial stay request, and the Commission found it unpersuasive. As we previously explained, the litigation in recent years between PGE and QFs has largely been litigation related to PGE's refusal to execute PPAs, *not* confusion related to ambiguities in PGE's standard PPA after execution. These cases result from PGE's conduct in negotiating the standard PPA, not ambiguities that exist in the contract. There is also no basis for assuming that PGE's newly drafted PPA would result in fewer contractual disputes with PGE. Instead, PGE

²⁷ *Id*.

²⁸ See id. at 6.

appears to have walked away from a stakeholder process in an attempt to put its thumb on the scale in a new round of PPA templates.

PGE even acknowledges – as it must – that there will necessarily be an overlap of issues between AR 631 and the issues to be addressed in establishing of a whole new contract form for PGE, as proposed in this proceeding. Yet, remarkably, PGE suggests that it could somehow excise from this docket the issues for review in AR 631, even though it is still unknown what those AR 631 issues will be.²⁹ PGE made this same meritless proposal in its opposition to the Motion to Stay.³⁰ As we explained in response at that time and as the Commission apparently agreed, it is impossible to draft a PPA that declines to address the issues that will be addressed in AR 631 because such a PPA would be incomplete. In Staff's words, the "terms of a contract are interdependent" and should be developed in a "holistic examination" to avoid unintended consequences.³¹ Thus, leaving an issue unaddressed in PGE's PPA and then later attempting to graft that provision onto the PPA templates resulting from this process is not a reasonable process. PGE's proposal remains unworkable, and the Commission should again reject it.

At a minimum, even if the currently unknown AR 631 issues could somehow be excised out of this proceeding once they become known, lifting the stay would require the parties to

Id. at 8 (asserting "PGE has already agreed that to the extent that the AR 631 issues list includes issues that also are presented in UM 1987, those issues may be removed from UM 1987 pending decision in AR 631.").

See PGE's Response to Motion to Stay, at 7 (Nov. 26, 2019) ("To the extent a disputed issue in docket UM 1987 is to be addressed concurrently in docket AR 631, PGE would agree to defer consideration of that issue to AR 631.").

Staff Memorandum Re Regular Public Meeting on July 30, 2019, Regular Agenda Item 2: UM 2000, at 4 (July 22, 2019).

litigate the proper resolution and form of PGE's newly proposed PPAs only to immediately thereafter engage in a whole new process to re-write the very same documents to incorporate the directives of AR 631. Presumably, PGE would propose that the "interim" PPA will resolve AR 631 issues in PGE's favor. Then the QF Parties will be left to incur further expense attempting to ensure that PGE properly revises the eight PPA forms again months or years later after AR 631 concludes. The exercise of attempting to excise and then re-implant such issues into the eight PPA forms would itself impose additional and unnecessary process and expense on the parties to this proceeding and the Commission, which will need to resolve disputes over that unnecessary step. There is no justification for that duplicative, inefficient, and unnecessary approach to establishing a standard contract when the Commission could simply wait until AR 631 is complete to engage with PGE's proposal here.

PGE's Motion to Lift Stay also suggests that the Commission's ruling granting the stay incorrectly assumed that AR 631 would result in a complete standard contract form for all three utilities' use, when in fact, Staff now proposes to address only a finite set of issues and specific provisions for use within each utility's contract.³² But this is a distinction without a difference. There will still be numerous overlapping issues in the two proceedings, as PGE itself acknowledges. Furthermore, Staff's plans for AR 631, to address a more limited set of issues, were known and briefed to the Commission before granting the stay.³³ The Commission granted

³² *PGE's Motion to Lift Stay*, Docket No. UM 1987, at 7-8 (Dec. 31, 2020).

NIPPC, Coalition, and CREA's Reply In Support of Motion to Stay, Docket No. UM 1987, at 4 (Dec. 6, 2019) (stating: "PGE's opposition to a stay hinges largely on PGE's assertion that Staff is planning to address 'a finite list of contracting issues' as opposed to

the stay with full awareness that AR 631 will address a finite set of issues. PGE's assertion otherwise is wrong and misleading.

Furthermore, as the Motion to Stay explained, resolution of these issues in Staff's ongoing process to develop the terms and conditions of standard PPAs applicable to all three utilities and all QFs by rule, i.e. in a collaborative rulemaking in AR 631, is consistent with ORS 758.535(2)(a). That statute requires the Commission to establish terms and conditions of such contracts "by rule" – i.e. in a rulemaking.³⁴ PGE's proposal to expeditiously approve over 500 pages of PGE-drafted documents as the embodiment of Commission rule and policy – after PGE failed to garner stakeholder support – would violate the statute and be unreasonable on even a policy basis.

Finally, PGE's complaints regarding the pace of AR 631 are misplaced. PGE faults Staff for "allow[ing]" AR 631 "to flounder." Yet PGE itself never even responded to Staff's status update in late July 2020, and thus apparently acknowledges the merit to Staff's intent to wait until the completion of the FERC rulemaking and Staff's inability to finalize its rules due to other pending work at that time. As noted above, the FERC rulemaking was not even complete until November 19, 2020. It was entirely reasonable for Staff to wait for that proceeding to conclude given the breadth of the issues therein, including the legally enforceable obligation rule

drafting "an entire standard PPA for use by all three utilities" in AR 631.... While the QF Parties agree that Staff has apparently changed its position on this point since the time we filed the stay motion, it is a distinction without a meaningful difference for several reasons.").

ORS 758.535(2)(a).

PGE's Motion to Lift Stay, Docket No. UM 1987, at 2 (Dec. 31, 2020).

and other major policy matters that may impact the terms and conditions of standard contracts and avoided cost rate schedules. Furthermore, although not stated in Staff's status update, it is apparent that Staff has had personnel turnover of multiple individuals that worked on PURPA matters since the stay was instituted. In addition, a global pandemic commenced shortly after the stay was instituted, which unexpectedly slowed the completion of all work in the early part of 2020. Under those circumstances, PGE's criticism of Staff is unwarranted and does not justify special expedited treatment for PGE's contract re-write proposal.

To be clear, the QF Parties agree that AR 631 should move forward as expeditiously as possible. There are numerous PURPA-related matters that the QF Parties wish to have expeditiously resolved, including AR 631. The QF Parties look forward to the resolution of the AR 631 rulemaking as part of the Commission's holistic examination of its PURPA policies. Still, until it is resolved, the Commission should maintain the stay in this proceeding to avoid duplicative litigation.

CONCLUSION

For the reasons stated above, NIPPC, the Coalition, CREA respectfully request that the Commission deny PGE's Motion to Lift Stay.

Dated: January 15, 2021.

Respectfully submitted,

RICHARDSON ADAMS, PLLC

SANGER LAW, PC

Gregory M. Adams OSB No. 101779

515 N. 27th Street Boise, Idaho 83702

Telephone: (208) 938-2236

Fax: (208) 938-7904

greg@richardsonadams.com

Irion A. Sanger 1041 SE 58th Place Portland, OR 97215 Telephone: 503-756-7533

Fax: 503-334-2235 irion@sanger-law.com

Attorneys for NIPPC, the Coalition, and CREA