

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 70**

In the Matter of  
PACIFICORP, dba PACIFIC POWER  
2019 Integrated Resource Plan.

THE RENEWABLE ENERGY  
COALITION’S COMMENTS ON  
STAFF REPORT

**I. INTRODUCTION**

The Renewable Energy Coalition (the “Coalition”) respectfully submits these Comments in response to the Staff Report and for consideration by the Oregon Public Utility Commission (the “Commission” or “OPUC”) in the matter of PacifiCorp’s 2019 Integrated Resource Plan (“IRP”). The Coalition supports Staff’s recommendation number four regarding qualifying facility (“QF”) modeling and analysis.<sup>1</sup> The Coalition applauds Staff for their careful attention to this issue and thorough review in the Staff Report. As previously noted, this issue has been before the Commission since at least 2014, and the Coalition is glad to hear Staff recommend meaningful changes and a process for finally addressing the issue. Specifically, the Commission should:

- 1) Affirm that QF renewals provide some capacity value to PacifiCorp’s system;
- 2) Direct PacifiCorp to either forecast QF renewals in its next IRP or provide a sensitivity showing the impact of QF renewals on the preferred portfolio;
- 3) Announce its intent, by March 1, 2021, to decide in Docket UM 2000 or UM 2011 the question of whether to provide immediate capacity payments for QFs renewing their contracts;

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<sup>1</sup> Staff Report at 27-32 (Apr. 17, 2020).

- 4) Direct PacifiCorp to file a proposed capacity avoided cost rate for renewing contracts (based on the outcome of the issue as resolved in UM 2000 or UM 2011), along with all workpapers used to develop the rate, with its avoided cost filing made concurrently with the next IRP pursuant to OAR 860-029-0080(3); and
- 5) Direct Staff to investigate whether there are ways to provide the utility greater assurance of continued QF power.

## II. COMMENTS

The Commission should specifically include Staff's QF recommendations in its order acknowledging PacifiCorp's IRP and clearly articulate any guidance on this topic. As Staff's Report notes, the Commission's requirements in its orders acknowledging utility IRPs are particularly important to future IRPs because the Commission may provide direction to the utility or additional analysis or actions for the utility's next IRP or IRP Update.<sup>2</sup> History has shown that on this topic specifically, PacifiCorp has a very different opinion regarding what the Commission's orders mean.<sup>3</sup> Therefore, it is particularly important here for the Commission to offer clear guidance.

The Coalition submitted Opening Comments on January 10, 2020 and Final Comments on March 4, 2020 and will not repeat those comments here except to support Staff's recommended course of action.

### A. **Renewing QF Provide Capacity Value to PacifiCorp's System**

The Commission should affirm that renewing QFs provides some capacity value to PacifiCorp's system. The evidence before the Commission in this docket shows that when

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<sup>2</sup> Staff Report at 2.

<sup>3</sup> The Renewable Energy Coalition's Opening Comments at 3-4 (explaining how PacifiCorp implemented Commission guidance to address the issue by assuming that QF will *not* renew).

PacifiCorp assumes renewals, those QFs will delay the acquisition of a simple-cycle combustion turbine by three years.<sup>4</sup> There is value in delaying the acquisition of such a resource, and the Commission should affirm that.

**B. PacifiCorp Should Analyze QF Renewals**

The Commission should direct PacifiCorp to either forecast QF renewals in its next IRP or provide a sensitivity showing the impact of QF renewals on the preferred portfolio. In its order acknowledging PacifiCorp's last IRP, the Commission noted that "non-renewal may not be the best planning assumption when many (or most) QFs do, in fact, renew."<sup>5</sup> The data provided in this docket confirms that many (or most) QFs do, in fact, renew. Of the thirty-six QFs that have had a contract expire with PacifiCorp, only one has shut down.<sup>6</sup> The vast majority have renewed, including a number of Oregon QFs that have been operating and providing reliable power since the 1980s.<sup>7</sup> Many of these facilities in PacifiCorp's Oregon service territory are hydroelectric facilities located on irrigation canals where the generation of electricity is secondary to their primary mission to serve their irrigation customers. Facilities like these are likely to continue operating for as long as there is a need for irrigation.

The Coalition recognizes PacifiCorp's concern that historical trends may not always be the best predictor of renewals; however, historical trends show us that the number of renewals is likely to be significantly greater than zero. Therefore, the Coalition

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<sup>4</sup> The Renewable Energy Coalition's Opening Comments at 2.

<sup>5</sup> *In re PacifiCorp 2017 IRP*, Docket No. LC 67, Order No. 18-138 at 12 (Apr. 27, 2018).

<sup>6</sup> The Coalition's Opening Comments at 6.

<sup>7</sup> *Id.*

supports and the Commission should adopt Staff's recommendation to direct PacifiCorp to develop a reasonable forecast for renewals or provide a sensitivity.

**C. The Commission Should Commit to Resolve the Issue Regarding Whether Renewing QFs Should be Paid for the Capacity Value They Provide Immediately Upon Renewal**

The Commission should announce that it intends to decide whether to provide immediate capacity payments for QFs renewing their contracts in either Docket UM 2000 or UM 2011, and its intent to resolve this issue by March 1, 2021. Given the length of time this issue has been before the Commission, this timing piece is particularly salient. This commitment from the Commission will go a long way in giving certainty and predictability to these the QFs that are expected to renew their contracts in the next few years.

**D. PacifiCorp Should Implement Changes Directed in Other Dockets**

The Commission should direct PacifiCorp to implement the changes the Commission decides on in the above-described process in either UM 2000 or 2011 regarding whether QF should receive a capacity payment immediately following renewal. This should include PacifiCorp filing a proposed capacity avoided cost rate for renewing contracts, along with all workpapers used to develop the rate, with its avoided cost filing made concurrently with the next IRP pursuant to OAR 860-029-0080(3).

**E. Staff Should Investigate Ways to Provide Greater Assurances of Renewals**

The Commission should direct Staff to investigate whether there are ways to provide the utility greater assurance of continued QF power. The Coalition acknowledges PacifiCorp's concerns that it cannot require a QF to renew or execute a new contract. However, QF contracts are more likely to renew than other power purchase agreements

because they have few, if any, other options to sell their power due to their size and the risk of substantial transmission charges. PacifiCorp must also accept their power under the Public Utility Regulatory Policies Act. As Staff implies, however, there may be other options that could provide the utility with greater certainty that any particular QF will renew. Therefore, the Coalition thinks it is appropriate, and the Commission should grant Staff's request to allow them to investigate these other options. The Coalition would also ask that Staff engage with the Coalition and other stakeholders in their investigation. The Coalition looks forward to these discussions.

### III. CONCLUSION

For the reasons articulated herein, the Commission should adopt Staff's well-considered recommendations regarding QF modeling and analysis.

Dated this 29th day of April 2020.

Respectfully submitted,

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