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July 24, 2020

**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UM 2108 – In the Matter of PacifiCorp’s Application for an Order Approving Queue Reform Proposal**

Attention Filing Center:

Attached for filing in the above-captioned docket are PacifiCorp’s Reply Comments.

Please contact this office with any questions.

Sincerely,

Cheyenne Aguilera  
Office Manager

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2108**

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for an Order Approving Queue  
Reform Proposal.

**PACIFICORP'S REPLY COMMENTS**

**July 24, 2020**

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	DISCUSSION.....	4
A.	Consistency between the FERC and Oregon study processes is critical. ....	4
	1. Continuing serial queue processing will disadvantage Oregon QFs.....	4
	2. PacifiCorp’s proposed reforms reasonably allow late-stage projects to conclude their serial study process.....	8
	3. The Company’s proposal reasonably exempts small generators that are able to interconnect under the Tiers 1, 2, or 3 interconnection processes. ....	10
	4. The Community Solar Program interconnection process is irrelevant. ....	11
B.	PacifiCorp’s proposed reforms have been subject to extensive process.....	12
C.	Queue reform will provide greater certainty on the timing of interconnection studies.....	15
D.	PacifiCorp’s proposed cost allocation methodology is fair. ....	17
	1. Per capita allocation of station equipment network upgrade costs is reasonable.....	17
	2. PacifiCorp’s proposed one percent floor reasonably protects small generators. ....	19
	3. PacifiCorp’s proposed methodology for allocating study costs is reasonable.....	22
E.	PacifiCorp’s proposed transition process is reasonable.....	22
	1. PacifiCorp’s proposed January 31, 2020, cutoff for entering the transition process is reasonable.....	22
	2. QFs entering the transition process will not pay any additional study deposit. ....	24
	3. Delaying approval of queue reform will prohibit Oregon QFs from participating in the transition process. ....	25
F.	PacifiCorp’s proposal provides sufficient time for QFs to review Cluster Study reports.....	25
G.	PacifiCorp’s proposed requirements for large generators strike a reasonable balance. ....	28
	1. Posting security for network upgrade obligations is reasonable.....	28
	2. The proposed withdrawal penalties for large generators are reasonable. ....	29
	3. The proposed study deposits for large generators are lower than current requirements. ....	31
	4. PacifiCorp’s heightened site control requirements for large generators should deter withdrawals and restudies.....	32

H.	PacifiCorp clarifies the small generator rules subject to its waiver request.....	34
I.	PacifiCorp’s proposed reforms reasonably fill the existing gap for Oregon QFs between 10 and 20 MW. ....	35
J.	PacifiCorp agrees to modify and clarify its proposal in response to stakeholder feedback.....	36
	1. QFs can downsize their project consistent with the provisions under the current QF-LGIP.....	36
	2. PacifiCorp is not proposing a commercial readiness requirement for Oregon QFs.....	37
	3. PacifiCorp’s proposal does not change how it addressed existing QFs needing to replace an expiring interconnection agreement.....	37
	4. Clarifications on performance of Informational Interconnection Studies.....	38
	5. PacifiCorp will file a report within two years to review the efficacy of queue reform.....	39
	6. PacifiCorp agrees to accept Oregon interconnection requests at any time.....	40
	7. Consistent with current practice, changes between state and FERC-jurisdiction are studied as a Material Modification.....	41
K.	The Cluster Study process is reasonable.....	41
	1. Clusters will be established based on electrical relevance.....	41
	2. Allowing changes to points of interconnection after the Cluster Study harms other customers.....	42
	3. Shortening the timeline for cluster restudies is unworkable.....	43
L.	PacifiCorp’s proposal to limit post-study and post-interconnection agreement modifications reasonably balances interests among interconnection customers .....	44
	1. PacifiCorp’s proposal reasonably protects other interconnection customers from the impact of suspended interconnection agreements.....	44
	2. Customers should not have expanded rights to extend their commercial operation date.....	44
M.	Queue reform does not require any changes to standard QF PPAs or contracting practices. ....	46
N.	PacifiCorp does not oppose making additional changes to the QF-LGIP to conform to the OATT but those changes should occur in another proceeding.....	48
O.	PacifiCorp’s interconnection study modeling is reasonable and consistent with industry standards.....	48
III.	CONCLUSION.....	52

## I. INTRODUCTION

In accordance with the procedural schedule presented by Public Utility Commission of Oregon Staff (Staff) on July 10, 2020, PacifiCorp d/b/a Pacific Power submits these Reply Comments to the Public Utility Commission of Oregon (Commission). These comments respond to comments filed on July 17, 2020, by the Northwest and Intermountain Power Producers Coalition (NIPPC), the Community Renewable Energy Coalition (CREA), the Renewable Energy Coalition (REC), the Oregon Solar Energy Industries Association (OSEIA), (collectively, REC, CREA, OSEIA are referred to as the Interconnection Customer Coalition), and NewSun Energy LLC (NewSun). PacifiCorp appreciates the opportunity to file these reply comments and the parties' thoughtful engagement in the queue reform process, first during the six-month stakeholder process leading up to PacifiCorp's January 2020 Federal Energy Regulatory Commission (FERC) filing, then throughout the ongoing formal proceeding before FERC, and finally during the more recent informal stakeholder process here in Oregon.

PacifiCorp has proposed reforms to the interconnection study process for both large and small Qualifying Facilities (QF). The lynchpin of PacifiCorp's reform proposal is a shift from the current serial queue process which all parties agree has become lengthy and burdensome to the Cluster Study process, which PacifiCorp at its discretion can use for large generators and which is not expressly prohibited for small generators. PacifiCorp's reforms are designed to create a fair and efficient interconnection process for all developers—both large and small and state- or FERC-jurisdictional. Using Cluster Studies for all generators is expected to provide greater certainty regarding study

1 timelines and provide a clearer path for interconnecting projects that are commercially  
2 viable.

3 PacifiCorp's reform efforts began over a year ago with a six-month stakeholder  
4 process that was well received and attended by numerous developers, including Oregon  
5 QF developers, trade associations, and Staff. PacifiCorp's proposal was then vetted at  
6 FERC, where it was reviewed by a wide range of interested stakeholders, including REC,  
7 CREA, NIPPC, and NewSun, who together filed over 150 pages of pleadings in that  
8 docket. FERC approved PacifiCorp's proposal on May 12, 2020.<sup>1</sup>

9 PacifiCorp's Oregon filing largely mirrors reforms approved by FERC. Because  
10 the Oregon reforms will apply to QFs, however, PacifiCorp is not requiring QFs to  
11 demonstrate commercial readiness in order to enter a Cluster Study, which provides  
12 Oregon QF's a clear path forward to receive interconnection studies more quickly than is  
13 currently the case. This is the only notable difference between the study process  
14 approved by FERC and is directly responsive to concerns raised by REC, CREA, and  
15 NIPPC. Since filing, PacifiCorp has held three multi-hour workshops with stakeholders  
16 to explain and receive feedback on its proposal. PacifiCorp has taken that feedback  
17 seriously and accepted several recommended changes to its proposal.

18 PacifiCorp's proposal is not expected to have a negative impact on QF  
19 development in Oregon, in fact, the proposed procedures will likely encourage QF  
20 development. The use of Cluster Studies will provide a more certain study timeline and is  
21 expected to accelerate the provision of interconnection studies, which have been bogged  
22 down by the serial study process due, in part, to large non-QF requests. By creating a

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<sup>1</sup> *PacifiCorp*, 171 FERC ¶ 61,112 (May 12, 2020) (hereinafter FERC Order).

1 more predictable interconnection study process, PacifiCorp’s proposal removes  
2 uncertainty, which should aid QFs in planning other aspects of their project development,  
3 including accounting for standard avoided cost pricing updates, finalizing power purchase  
4 agreements (PPAs), and permitting. Moreover, because PacifiCorp’s Oregon queue is  
5 dominated by renewable energy projects, queue reform that clears a path for  
6 interconnection is expected to further Oregon’s state energy policy to reduce greenhouse  
7 gas emissions.

8 By clearing commercially non-viable, FERC-jurisdictional, large projects from the  
9 interconnection queue, PacifiCorp’s reforms provide a path to interconnection for QFs  
10 that can actually get built. Far from discouraging development, queue reform simply  
11 removes the economic value associated with queue position and instead allows all  
12 commercially viable projects to move forward and compete on the project merits, not  
13 queue position.

14 Moreover, requiring PacifiCorp to continue to process Oregon QFs serially would  
15 place those projects at a significant disadvantage relative to FERC-jurisdictional projects and  
16 QFs in neighboring states. The only feasible way for PacifiCorp to maintain an Oregon serial  
17 queue and meet its obligations under its FERC-jurisdictional Open Access Transmission  
18 Tariff (OATT) would be to study Oregon QFs in between annual OATT-mandated Cluster  
19 Studies. Because of the potentially limited time between Cluster Studies, however, this  
20 means Oregon QF’s may only be studied in limited windows between PacifiCorp’s cluster  
21 studies regardless of when requests are submitted which would be directly contrary to both  
22 Oregon and FERC precedent prohibiting discriminatory treatment for QFs.

1 PacifiCorp appreciates that it has requested review of its queue reform proposal on a  
2 relatively fast timeline and appreciates stakeholder’s efforts to engage, even if they object to  
3 the pace of the review. PacifiCorp’s proposed review timeline is driven by the desire to  
4 allow Oregon QFs to participate in the transition process that begins in October. PacifiCorp  
5 believes that if Oregon QFs sit out that process, and potentially the April 2021 cluster  
6 process, they will be at a significant disadvantage.

7 PacifiCorp appreciates that its proposal is a departure from a process that has been in  
8 place for many years, although there is little dispute that the serial queue process is  
9 fundamentally broken, and reforms are needed. To address concerns that queue reform may  
10 create unintended consequences, PacifiCorp has committed to file with FERC a report within  
11 two years that will assess the efficacy of the Company’s reforms. If, after the transition and  
12 April 2021 cluster process there is a need for additional reforms, the Company can revisit its  
13 process and seek additional modifications based on what was learned.

## 14 II. DISCUSSION

### 15 A. Consistency between the FERC and Oregon study processes is critical.

#### 16 1. Continuing serial queue processing will disadvantage Oregon QFs.

17 The Interconnection Customer Coalition argue that there is no “pressing need to  
18 change PacifiCorp’s interconnection process” to align state and federal processes.<sup>2</sup> They  
19 further recommend that all small generators be exempt from the Cluster Study process.<sup>3</sup>  
20 Maintaining an Oregon-only serial queue, however, would be administratively inefficient and

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<sup>2</sup> Joint Comments of Interconnection Customer Coalition at 7.

<sup>3</sup> Joint Comments of Interconnection Customer Coalition at 19.



1 burdensome and—more importantly—likely to disadvantage Oregon interconnection  
2 customers.

3           Interconnection studies necessarily require numerous assumptions. One of the most  
4 important assumptions is what other interconnection customers are assumed to have already  
5 interconnected to the system. Under a serial queue process, this assumption was  
6 straightforward—all interconnection requests with higher priority queue positions were  
7 assumed to be in-service. Under a Cluster Study process, this assumption is also  
8 straightforward—all interconnection requests included in prior Cluster Studies are assumed  
9 to be in-service. Under a hybrid cluster-serial approach, it is less clear what other  
10 interconnection customers would be assumed in-service when performing a study. What this  
11 means is that the cluster and serial process cannot occur at the same time because they could  
12 have conflicting assumptions. Instead the serial processing would have to occur between  
13 Cluster Studies to ensure the assumptions in each study process are not in conflict.

14           To comply with its obligations under its OATT, PacifiCorp must begin each Cluster  
15 Study process on April 1 of each year. The April 1 date is fixed in the tariff. Therefore, if  
16 the Commission were to allow Oregon-jurisdictional interconnection customers to be exempt  
17 or to opt out of the Cluster Study process, then the Company would need to implement the  
18 exemption by studying the Oregon serial queue in between Cluster Studies, i.e., when a  
19 Cluster Study concludes, PacifiCorp would then turn to the Oregon queue and serially  
20 process interconnection requests until the next Cluster Study begins. This would mean that  
21 an Oregon-jurisdictional generator's study would assume that the following are in service:  
22 (1) all interconnection customers with executed interconnection agreements; (2) all Oregon-  
23 jurisdictional generators that have been exempted from the Cluster Study and have higher

1 priority queue positions; and (3) all generators included in prior Cluster Studies. Each  
2 Cluster Study would, in turn, assume that all Oregon-jurisdictional generators studied after  
3 the previous Cluster Study concluded are in-service. Such an approach would likely  
4 disadvantage QFs that are exempt from the Cluster Study process because of the lower  
5 priority relative to the previous Cluster Study and limited time between Cluster Studies.

6 The Cluster Study window must open on April 1 of each year. PacifiCorp anticipates  
7 completing the initial Cluster Study by approximately November 1 of each year. At that  
8 point, interconnection customers would have 30 days to choose whether to proceed to a  
9 Facilities Study. If customers choose to drop out, then there would likely be a restudy. A  
10 restudy could also be required if a FERC-jurisdictional customer changes their service type  
11 after the initial Cluster Study. If a restudy is required (which is likely), PacifiCorp  
12 anticipates that the cluster restudy may not be completed until approximately April 1 of the  
13 following year.

14 After the Cluster Study (or restudy) concludes and all required upgrades are known  
15 PacifiCorp can then begin to process the Oregon serial queue requests for any Oregon QF  
16 that did not have a study completed before the prior year's Cluster Study began (those  
17 projects would have already been included in the baseline assumption for the prior year's  
18 Cluster Study). PacifiCorp cannot begin to process the Oregon serial queue until the Cluster  
19 Study (or restudy) is complete because the results of the Cluster Study form the baseline  
20 assumptions for the Oregon serial queue interconnection studies.

21 This means that it is possible, and potentially probable, that PacifiCorp could  
22 complete at most one Oregon serial study annually between Cluster Studies (because of the  
23 nature of serial studies, PacifiCorp would need to study each serial request individually and

1 in order of priority). In some years it is possible that there would be insufficient time  
2 between Cluster Studies to complete any Oregon serial studies. Any pending Oregon serial  
3 queue requests that are not studied would be deferred and studied following the next Cluster  
4 Study, assuming there is sufficient time.

5 The exemption or opt-out scenario described above essentially creates an annual  
6 study window for Oregon QF requests that would be open between PacifiCorp’s Cluster  
7 Studies. Oregon QFs would be studied to the extent permissible in the small window  
8 between the OATT-mandated Cluster Studies regardless of when during the year an Oregon  
9 QF request was submitted. This hybrid cluster-serial approach would likely create long and  
10 inherently uncertain study timelines for QFs participating in the serial process.

11 Although the Interconnection Customer Coalition requests an Oregon-only serial  
12 process, other stakeholders have recommended against such an approach. During  
13 PacifiCorp’s 2019 stakeholder process, NIPPC stated that it “does not support limiting any  
14 changes to a geographic subset of PacifiCorp’s system . . . NIPPC urges PacifiCorp to focus  
15 on system-wide reforms.”<sup>4</sup> NIPPC further argued that, “Creating two or more queue  
16 processes with different requirements and processes may also violate FERC’s directives  
17 against discrimination and preferential treatment.”<sup>5</sup> At FERC, NIPPC generally supported  
18 PacifiCorp’s reforms and “*concur[s] with PacifiCorp that effective queue reform would be best*  
19 *achieved by PacifiCorp applying the same Cluster Study process to both state and FERC*  
20 *jurisdictional interconnection requests.*”<sup>6</sup>

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<sup>4</sup> NIPPC Stakeholder Comments at 3 (July 31, 2019) (available here:  
[https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/NIPPC\\_Queue\\_reform\\_comments\\_final.pdf](https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/NIPPC_Queue_reform_comments_final.pdf)).

<sup>5</sup> NIPPC Stakeholder Comments 3 (July 31, 2019).

<sup>6</sup> Comments of Northwest and Intermountain Power Producers Coalition on PacifiCorp’s March 13 Response to Deficiency Letter at 1, FERC Docket No. ER20-924-001 (April 10, 2020) (emphasis added).

1           The Interconnection Customer Coalition support their request for an Oregon-only  
2 serial queue process by asserting that PacifiCorp has not claimed that its “Oregon system, as  
3 a whole, is a problem with only 22 FERC-jurisdictional requests in Oregon for a total of  
4 3,488 MW.”<sup>7</sup> As explained during the workshops, however, the peak demand in  
5 PacifiCorp’s western Balance Area (PACW) is only 4,354 MW. This means that the new  
6 generation resources attempting to interconnect just in Oregon represent 80 percent of  
7 PACW’s peak load—without accounting for the existing generation already serving that peak  
8 load. The dramatic imbalance between load and generation is one of the key reasons that  
9 PacifiCorp’s serial interconnection process requires reform. Although the volume of  
10 interconnection requests is greater in PacifiCorp’s eastern Balancing Area (PACE), the same  
11 problems exist in Oregon. CREA made this same argument to FERC, which was rejected  
12 when FERC approved system-wide reforms.<sup>8</sup>

13                           **2. PacifiCorp’s proposed reforms reasonably allow late-stage**  
14                           **projects to conclude their serial study process.**

15           While a prospective process that includes an Oregon-only serial queue would be  
16 extremely problematic, the Company’s proposal recognizes that certain customers with  
17 pending interconnection requests should be allowed to complete the interconnection process  
18 according to the terms of that serial process. Thus, the Company’s proposed transition  
19 process allows interconnection customers that are at or beyond the point in the  
20 interconnection process when they have been tendered a Facilities Study Agreement (i.e.,  
21 including those in the Facilities Study process, or those that have been tendered a draft

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<sup>7</sup> Joint Comments of Interconnection Customer Coalition at 6; *see also* Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 5.

<sup>8</sup> Motion to Reject Tariff Filing and for Technical Conference and Settlement Proceeding and Protest of the Community Renewable Energy Association and the Renewable Energy Coalition, FERC Docket No. ER20-924-000 at 9-10 (April 10, 2020).

1 interconnection agreement) by April 1, 2020, will have the option to complete their  
2 interconnection process without being included in a transition cluster, or they may elect to  
3 proceed under the transition process.<sup>9</sup> It is reasonable to allow these late-stage projects to  
4 proceed based on the results of their serial study because they have each received system  
5 impact studies, which means that when the Company conducts its transition Cluster Study it  
6 can assume these projects are in-service based on the results of the system impact studies.

7         The Interconnection Customer Coalition incorrectly claims that “interconnection  
8 customers in the queue, even ones with Facilities Studies, will not be allowed to move  
9 forward towards interconnection based on those study results.”<sup>10</sup> As explained above, this is  
10 incorrect.

11         The Interconnection Customer Coalition further recommend that QFs with pending  
12 requests should have the option of continuing to be processed serially, instead of through  
13 Cluster Studies.<sup>11</sup> PacifiCorp recognizes that the Commission allowed this optionality when  
14 it approved the small generator interconnection rules in 2009.<sup>12</sup> In this case, however, given  
15 the specific reforms approved by FERC and requested here, allowing that optionality is  
16 unworkable and likely to disadvantage QFs due to the incompatibility of concurrent serial  
17 and cluster study processes. If an interconnection request is pending, but not yet studied,  
18 then the transition Cluster Study cannot assume that interconnection request is in-service  
19 because PacifiCorp will not know what is required to interconnect that request. This means  
20 PacifiCorp either must process the Oregon QF first and delay the transition Cluster Study

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<sup>9</sup> PacifiCorp Proposed QF-LGIP Appendix 8, Section 1.2.1.

<sup>10</sup> Joint Comments of Interconnection Customer Coalition at 23.

<sup>11</sup> Joint Comments of Interconnection Customer Coalition at 23.

<sup>12</sup> *In the Matter of a Rulemaking to Adopt Rules Related to Small Generator Interconnection*, Docket No. AR 521, Order No. 09-196 at 5 (June 8, 2009).

1 (thereby violating its OATT) or complete the transition Cluster Study and then turn to the  
2 Oregon QF. As described above, not violating the OATT would necessarily mean studying  
3 the transition cluster first, which would likely delay, potentially significantly Oregon QF  
4 studies.

5 **3. The Company’s proposal reasonably exempts small generators**  
6 **that are able to interconnect under the Tiers 1, 2, or 3 interconnection**  
7 **processes.**

8 Oregon’s small generator interconnection rules provide four different levels of  
9 scrutiny before a project can interconnect. Tiers 1, 2, and 3 have less rigorous study  
10 requirements because projects are only eligible for those tiers if the project passes strict  
11 screening criteria. Small generators that do not pass the strict screening criteria are studied  
12 under the Tier 4 study process, which is akin to the study process used for large generators  
13 and consists of the same feasibility, system impact, and facilities studies. PacifiCorp’s  
14 proposed queue reform would apply to only Tier 4 small generators because those are the  
15 only small generators that are currently studied in the serial queue.

16 The Interconnection Customer Coalition argue that if PacifiCorp is not requiring  
17 small generators subject to Tiers 1, 2, or 3 to enter clusters, it should exempt Tier 4 small  
18 generators as well.<sup>13</sup> Because small generators reviewed under Tiers 1 to 3 are already  
19 studied differently from Tier 4 generators, there is no reason that Tier 4 should be exempt  
20 from the cluster study process just because Tier 1, 2, and 3 are exempt.

21 Moreover, Tiers 1, 2, and 3 are exempt because projects that meet the requirement for  
22 review under those tiers are subject to strict screening criteria intended to determine that the  
23 output of those generators are either unlikely to flow back onto PacifiCorp’s system or

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<sup>13</sup> Joint Comments of Interconnection Customer Coalition at 18.

1 require no upgrades to PacifiCorp’s system, which is why their interconnection study process  
2 is different. Tier 4 generators do impact the broader distribution, and potentially  
3 transmission, system and therefore require a more robust interconnections study process.

4 **4. The Community Solar Program interconnection process is**  
5 **irrelevant.**

6 The Interconnection Customer Coalition also point to the fact that Community Solar  
7 Program (CSP) projects and net metering projects will not be included in the Cluster Studies  
8 and argue that if these projects can be studied outside of a cluster then so can others.<sup>14</sup> This  
9 argument, however, ignores the unique statutory provisions, Commission precedent,  
10 processing rules, and circumstances surrounding both CSP projects and traditional net  
11 metering projects, both of which are subject to specific screening criteria, including a size  
12 cap, that allow them to be studied differently from other QFs because of the expectation that  
13 CSP and traditional net metering projects will have limited impact on the Company’s system  
14 and other generators that are not in their immediate vicinity. Indeed, even before the  
15 Company proposed queue reform, eligible CSP projects were studied differently from other  
16 QFs and outside of the serial queue process. The fact that CSP and traditional net metering  
17 projects were studied outside of the serial queue process before clustering and will continue  
18 to be studied that way after clustering does not mean that all other QFs can be studied in a  
19 serial queue.

20 The Interconnection Customer Coalition also argues that it is discriminatory to treat  
21 CSP projects different from other QFs.<sup>15</sup> The Commission already addressed this issue when

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<sup>14</sup> Joint Comments of Interconnection Customer Coalition at 19; Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

<sup>15</sup> Joint Comments of Interconnection Customer Coalition at 19-20.

1 approving the CSP interconnection process in Order No. 19-392 that treats CSP project  
2 differently. CSP projects and typical QFs are not similarly situated because of the screening  
3 criteria used for the CSP interconnection process and, more importantly, because CSP  
4 projects are participating in a state-created virtual net metering program.<sup>16</sup>

5 The Interconnection Customer Coalition threaten that QFs will abuse the CSP process  
6 by “pursu[ing] the CSP queue simply to obtain interconnection and without a genuine desire  
7 to participate in the CSP.”<sup>17</sup> If that occurs, however, the QF will be unable to execute an  
8 interconnection agreement, which requires that the interconnecting customer participate in  
9 the CSP program. This means that QFs attempting to sabotage the CSP, as the  
10 Interconnection Customer Coalition suggest, would reach a dead end and be unable to  
11 interconnect.

12 **B. PacifiCorp’s proposed reforms have been subject to extensive process.**

13 The Interconnection Customer Coalition’s “biggest concern” with PacifiCorp’s filing  
14 is that they believe there has been insufficient process.<sup>18</sup> PacifiCorp disagrees. The Oregon  
15 filing draws heavily from the six-month stakeholder process that began in 2019 and the  
16 FERC process that began January 2020.

17 In June 2019, PacifiCorp initiated a broad stakeholder process to discuss queue  
18 reform. Contrary to the Interconnection Customer Coalition’s comments,<sup>19</sup> that stakeholder  
19 process was not limited to only FERC-jurisdictional reforms. In fact, many stakeholders that  
20 participated in the process are QF developers in Oregon and other states (such as EDP

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<sup>16</sup> See *In the Matter of Public Utility Commission of Oregon Community Solar Program Interconnection Update*, Docket No. UM 1930, Order No. 20-038, App. A at 10 (Feb. 4, 2020).

<sup>17</sup> Joint Comments of Interconnection Customer Coalition at 20.

<sup>18</sup> Joint Comments of Interconnection Customer Coalition at 16.

<sup>19</sup> Joint Comments of Interconnection Customer Coalition at 16.



1 Renewables North America LLC and Ecoplexus), trade groups representing QF developers in  
2 Oregon (such as NIPPC and Renewable Northwest), and representatives of state  
3 commissions, including Oregon Staff, and representatives from the Public Service  
4 Commission of Utah and Public Service Commission of Wyoming. Even counsel for REC  
5 participated in the stakeholder process on behalf of a Wyoming QF developer. The  
6 stakeholder process focused generally on queue reforms that would impact both state- and  
7 FERC-jurisdictional projects because both types of projects were in the same queue.  
8 Stakeholders submitted comments on a broad array of topics, including how queue reform  
9 should be applied to QFs.

10 After that six-month process, the Company submitted its proposed reforms to FERC  
11 on January 31, 2020. NIPPC, REC, CREA, and New Sun (four of the five commenters here)  
12 participated fully in the FERC process, filing multiple rounds of comments. Notably,  
13 NIPPC, REC, and CREA's comments were not limited to only FERC issues. They focused  
14 much of their attention on state-jurisdictional matters. In particular, they emphasized that  
15 queue reform could harm QF development if the commercial readiness criteria PacifiCorp  
16 proposed for FERC generators applied to QFs. In response to this concern, PacifiCorp made  
17 clear at FERC, and in its filing here, that QFs are not required to demonstrate commercial  
18 readiness. PacifiCorp's FERC comments also made clear that the Company intends to  
19 transition both federal- and state-jurisdictional interconnection customers into the same  
20 Cluster Study process on the same timeline and largely subject to the same requirements,<sup>20</sup>  
21 which was also responsive to recommendations made at FERC, including by NIPPC.

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<sup>20</sup> See FERC Order ¶ 157.

1           The fact that NIPPC, REC, CREA, and New Sun participated fully in the FERC  
2 process, together with the fact that the proposed Oregon reforms largely mirror the FERC  
3 reforms, means that these parties have now had five and-a-half months to analyze and  
4 understand the full scope of the Company’s proposed reforms. While the Oregon reforms are  
5 specifically tailored to Oregon’s QF interconnection process, the overall structure and most  
6 of the implementation details are the same.

7           Finally, the process that has occurred in Oregon should not be downplayed.  
8 PacifiCorp posted notice of this filing on its OASIS site, which is where all interconnection  
9 related notices are posted. PacifiCorp also served notice of its filing on the service lists for  
10 several generic QF dockets in Oregon. The Company held three, two-hour workshops.  
11 During those workshops, the Company provided participants with an overview of the queue  
12 reform process, explained in detail how Cluster Study areas would be identified and studied,  
13 and discussed how the proposed interconnection reforms fit into the broader implementation  
14 of PURPA in Oregon, including the timing of Cluster Studies relative to standard avoided  
15 cost pricing updates and QF contracting practices. Prior to the first workshop, REC  
16 submitted written questions, which the Company answered during the workshop. Thereafter,  
17 parties were invited to submit written questions before the following workshops, which the  
18 Company answered to the best of its ability. Notably, despite the specific invitation to  
19 submit written questions, neither NIPPC, OSEIA nor CREA did so. The Company also  
20 responded in writing to Information Requests submitted by Staff.

21           The Interconnection Customer Coalition also claims that PacifiCorp has refused to  
22 make any changes to its proposal.<sup>21</sup> That is simply untrue. During the workshops,

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<sup>21</sup> Joint Comments of Interconnection Customer Coalition at 18.

1 PacifiCorp explained that it would consider potential changes proposed by stakeholder and  
2 was open to modifying its proposal as long as doing so was reasonable and maintained  
3 general consistency with the FERC-approved process. As discussed below, the Company has  
4 agreed to several recommended changes to its proposal.

5 Moreover, to address concerns that queue reform could be less effective than  
6 expected, PacifiCorp committed to filing a report with FERC within two years of the  
7 effective date of the queue reform proposal to address the efficacy of the proposed changes.  
8 This informational report will include, among other things, a discussion on (1) the  
9 withdrawal penalty received, (2) the allocation of the withdrawal penalty, (3) the number of  
10 withdrawals, and (4) the timeline for processing requests, and any other informational  
11 reporting conditions required by regulators. Filing the report in two years will allow for  
12 completion of the transition process and one prospective Cluster Study, permitting  
13 PacifiCorp and stakeholders time to adjust to the changes and identify areas where further  
14 adjustment may be necessary. The Company commits to filing the same report with the  
15 Commission.

16 **C. Queue reform will provide greater certainty on the timing of interconnection**  
17 **studies.**

18 The Interconnection Customer Coalition argue that under the proposed Cluster Study  
19 approach “QFs may be unable to lock in avoided cost prices due to the lack of certainty on  
20 interconnection costs and schedule[.]”<sup>22</sup> PacifiCorp disagrees. Indeed, the annual Cluster  
21 Study process creates greater certainty for QFs obtaining interconnection study reports.

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<sup>22</sup>Joint Comments of Interconnection Customer Coalition at 24.

1 First, the annual Cluster Study process begins April 1 each year—a date certain set  
2 forth in PacifiCorp’s OATT and the proposed reforms here. Second, the Cluster Study  
3 process will proceed according to a defined timeline that anticipates issuance of a Cluster  
4 Study report within 150 days of its commencement.<sup>23</sup> This means that a QF could submit an  
5 interconnection request in April and receive its Cluster Study report in November. This  
6 timeline is substantially faster than the current study process. The Interconnection Customer  
7 Coalition claim that “customers under the current processes should have a system impact  
8 study (which is the equivalent of the Cluster Study) in a few months.”<sup>24</sup> While that timeline  
9 is possible in theory, in practice serial queue studies take significantly longer. And because a  
10 customer’s queue position dictates the timing of their study, the customer has less control  
11 over when their study occurs and there is less certainty about when the study will occur  
12 because the study’s timing is dependent on many factors outside of the QF’s and  
13 PacifiCorp’s control.

14 Concerns over potential changes to avoided cost prices that might occur during the  
15 pendency of an interconnection study exist under either process. But the Cluster Study  
16 process is expected to provide greater certainty both in terms of when studies begin and is  
17 expected to provide studies sooner than the current process. To the extent that uncertainty in  
18 the interconnection process hinders QF’s ability to determine avoided cost price eligibility or  
19 execute PPAs, PacifiCorp’s proposed reforms will improve the process, not harm it.

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<sup>23</sup> If restudies are required, which is something that PacifiCorp cannot control, the Cluster Study report may be delayed several additional months, which would still provide an interconnection study to the QF on a faster timeline than the current process.

<sup>24</sup> Joint Comments of Interconnection Customer Coalition at 30.

1 The Interconnection Customer Coalition are also concerned that if a QF misses the  
2 April window to enter a Cluster Study it will have to wait until the next one.<sup>25</sup> That is true;  
3 but QFs will be well aware of those deadlines and can plan accordingly.

4 **D. PacifiCorp’s proposed cost allocation methodology is fair.**

5 **1. Per capita allocation of station equipment network upgrade costs**  
6 **is reasonable.**

7 Consistent with the network upgrade allocation among interconnection customers  
8 approved by FERC,<sup>26</sup> PacifiCorp proposes to separate network upgrades into two categories:  
9 (1) station equipment network upgrades, including all equipment located in the station to  
10 which the generator is connecting; and (2) all other network upgrades, including transmission  
11 lines, transformers, and distantly located breakers. Station equipment network upgrades will  
12 be allocated on a per capita basis (i.e., per interconnection request) based on the number of  
13 generators interconnecting at an individual station.<sup>27</sup>

14 The Interconnection Customer Coalition and NewSun and OSEIA criticize the per  
15 capita methodology for allocating station equipment because they claim it may shift costs  
16 onto small generators.<sup>28</sup> PacifiCorp disagrees. Station upgrades include all network  
17 upgrades at the point of interconnection substation, which may include physical equipment  
18 such as circuit breakers, switches, and instrument transformers along with their associated  
19 foundations, structures, bus, and wire connections. The station upgrades also may include  
20 protective relays, shared communications infrastructure, and other shared facilities such as

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<sup>25</sup> Joint Comments of Interconnection Customer Coalition at 29.

<sup>26</sup> FERC Order ¶¶ 18, 49.

<sup>27</sup> PacifiCorp Proposed QF-LGIP Article 4.2.3(a).

<sup>28</sup> Joint Comments of Interconnection Customer Coalition at 34; Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8; *see also* Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

1 fencing, ground grid, gravel, etc. These station facilities are designed and constructed on a  
2 per-termination basis and the specifications for equipment is determined by the voltage class  
3 and system characteristics on a whole station basis, not by the anticipated power flow of any  
4 one termination. In other words, station equipment upgrades are dictated by the number of  
5 interconnecting generators, not the size of the interconnecting generators. For this reason,  
6 cost allocation on a per capita basis instead of pro rata size basis is appropriate.

7         The Interconnection Customer Coalition claim to show the potential inequity of per  
8 capita cost allocation by positing an example where a 3 MW and a 500 MW project share  
9 50/50 in a \$50 million station equipment upgrade.<sup>29</sup> First, this example is entirely unrealistic  
10 because a 3 MW generator and a 500 MW generator would never interconnect at the same  
11 voltage level so under no circumstances would projects in the Interconnection Customer  
12 Coalition example ever share station equipment upgrades. Additionally, based on  
13 PacifiCorp's proposed allocation methodology, the small generator in this example would  
14 pay nothing. To avoid excessively burdening small generators with significant network  
15 upgrade costs, PacifiCorp proposes a floor of 1 percent of total capacity within a cluster  
16 under which projects will be deemed not to contribute to the network upgrades identified in  
17 the Cluster Study.<sup>30</sup> As applied to the Interconnection Customer Coalition example, the 3  
18 MW project is less than one percent of the total capacity in the cluster (503 MW) and  
19 therefore would pay nothing. Far from discriminating against small QFs, PacifiCorp's  
20 network upgrade cost allocation proposal benefits small generators.

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<sup>29</sup> Joint Comments of Interconnection Customer Coalition at 34.

<sup>30</sup> PacifiCorp Proposed QF-LGIP Article 4.2.3(d).

1                   **2. PacifiCorp’s proposed one percent floor reasonably protects small**  
2                   **generators.**

3                   PacifiCorp’s proposal would study small and large generators in the same clusters,  
4 just as small and large generators are currently included in the same queue. As noted above,  
5 PacifiCorp proposes a floor of one percent of total MW within a cluster under which projects  
6 will be deemed not to contribute to the network upgrades identified in the Cluster Study. The  
7 Company developed and proposed the one percent floor during its stakeholder process in  
8 2019.

9                   The Company’s FERC filing included the same one percent floor. At FERC, only  
10 one stakeholder objected to the provision and recommended it be eliminated because in some  
11 scenarios, a relatively small project could contribute to the need for significant network  
12 upgrades, at or above its proportionate nameplate capacity.<sup>31</sup> Despite this concern that the  
13 floor was too high, FERC approved the Company’s proposal finding that it “will avoid  
14 burdening small generators with excessive Network Upgrade costs.”<sup>32</sup>

15                  The Interconnection Customer Coalition recommend that the floor increase to 10  
16 percent, which would mean that if an individual generator comprised less than 10 percent of  
17 the total capacity in a cluster, then the small generator would pay for no network upgrades.<sup>33</sup>  
18 The Interconnection Customer Coalition claim that PacifiCorp’s one percent floor “appears  
19 to be an arbitrary decision,” but concede that they have “no specific basis” for their 10

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<sup>31</sup> FERC Order ¶ 31.

<sup>32</sup> FERC Order ¶ 49.

<sup>33</sup> Joint Comments of Interconnection Customer Coalition at 38; Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

1 percent floor.<sup>34</sup> NewSun and OSEIA also recommend that the one percent floor increase but  
2 provide no specific recommendation.<sup>35</sup>

3           The Commission should reject the Interconnection Customer Coalition  
4 recommendation. Adopting a 10 percent floor would potentially shift significant network  
5 upgrade costs onto other generators in the cluster. If a generator represents 10 percent of the  
6 total capacity in a cluster, it is not reasonable to assume that generator contributes nothing to  
7 the need for network upgrades. The Company’s conservative one percent floor is better  
8 designed to mitigate unreasonable cost shifting while also protecting small generators that are  
9 less likely to contribute to the need for network upgrades.

10           Adopting a 10 percent floor could also be problematic because it could apply to more  
11 than one generator in a cluster. As a simplistic example, assume there are four generators in  
12 a cluster—one is 140 MW and the other three are 20 MW each. Under a 10 percent floor, all  
13 of the network upgrades would be assigned to the 140 MW generator even though that  
14 generator represents only 70 percent of the total capacity.

15           The Interconnection Customer Coalition asks PacifiCorp to “clearly articulate and  
16 confirm that the normally applicable rules entitling Oregon QFs to refunds of network  
17 upgrades with a systemwide benefit are not altered by the proposed queue reform process.”<sup>36</sup>  
18 To be clear, PacifiCorp’s proposal does not recommend any changes to the Commission’s  
19 policy applicable to large generators that make the QF “responsible for all costs associated  
20 with network upgrades unless they can establish quantifiable system-wide benefits, at which  
21 point the [QF] would be eligible for direct payments from the Transmission Provider in the

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<sup>34</sup> Joint Comments of Interconnection Customer Coalition at 38.

<sup>35</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8.

<sup>36</sup> Joint Comments of Interconnection Customer Coalition at 38-39.



1 amount of the benefit.”<sup>37</sup> For small generators, QFs will remain responsible for “system  
2 upgrades” as required by OAR 860-082-0035(4), which states:

3           A public utility must design, procure, construct, install, and  
4           own any system upgrades to the public utility’s transmission or  
5           distribution system necessitated by the interconnection of a  
6           small generator facility. A public utility must identify any  
7           adverse system impacts on an affected system caused by the  
8           interconnection of a small generator facility to the public  
9           utility’s transmission or distribution system. The public utility  
10          must determine what actions or upgrades are required to  
11          mitigate these impacts. Such mitigation measures are  
12          considered system upgrades as defined in these rules. The  
13          applicant must pay the reasonable costs of any system  
14          upgrades.

15           The Interconnection Customer Coalition further request that PacifiCorp “explain[]  
16 how a large interconnection customer will be able to show quantifiable system benefits under  
17 a Cluster Study approach.”<sup>38</sup> Again, there is no change to the Commission’s standard and  
18 the use of Cluster Studies instead of individual serial queue studies has no impact on how a  
19 large generator can demonstrate system-wide benefits.

20           The Interconnection Customer Coalition also recommend that as part of its approval  
21 of queue reform, the Commission also effectively reverse Oregon’s long-standing cost  
22 allocation policy and require retail customers to pay for network upgrades unless PacifiCorp  
23 can demonstrate that the QF’s interconnection did not produce quantifiable system-wide  
24 benefits<sup>39</sup> That issue is currently under investigation in docket UM 2032 and there is no  
25 basis to change it here.

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<sup>37</sup> See *In the Matter of Public Utility Commission of Oregon Investigation into Interconnection of PURPA Qualifying Facilities with Nameplate Capacity Larger than 20 Megawatts to a Public Utility's Transmission or Distribution System*, Docket No. UM 1401, Order No. 10-132 at 3 (Apr. 7, 2010).

<sup>38</sup> Joint Comments of Interconnection Customer Coalition at 42.

<sup>39</sup> Joint Comments of Interconnection Customer Coalition at 52.

1                   **3. PacifiCorp’s proposed methodology for allocating study costs is**  
2                   **reasonable.**

3                   The Interconnection Customer Coalition also object to PacifiCorp’s proposal to  
4 determine each project’s share of the actual study costs by allocating: (1) 50 percent of the  
5 applicable study costs to projects on a per capita basis based on the number of requests in the  
6 cluster; and (2) 50 percent of the applicable study costs on a pro rata basis based on project  
7 size.<sup>40</sup> PacifiCorp’s approach strikes a reasonable balance because there are some study  
8 costs that are incurred regardless of how large a project may be, while others are driven by  
9 the size of the project studied. The Interconnection Customer Coalition return to their  
10 example of a 3 MW and 500 MW project in a cluster and argue that it is unfair for the 3 MW  
11 project to pay 50 percent of the study costs “even though the 500 MW generator is obviously  
12 going to make the study far more complicated and expensive.”<sup>41</sup> The Interconnection  
13 Customer Coalition, however, misstate how study costs would be allocated in their example.  
14 In fact, in their example, the small generator would be responsible for only 25.6 percent of  
15 the study costs.<sup>42</sup>

16                   **E. PacifiCorp’s proposed transition process is reasonable.**

17                   **1. PacifiCorp’s proposed January 31, 2020, cutoff for entering the**  
18                   **transition process is reasonable.**

19                   The purpose of the Transition Process is to clear out the existing queue, which  
20 requires resolving the existing interconnection queue backlog. To that end, at FERC  
21 PacifiCorp proposed a cutoff whereby only those generators with interconnection requests

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<sup>40</sup> Joint Comments of Interconnection Customer Coalition at 35.

<sup>41</sup> Joint Comments of Interconnection Customer Coalition at 35.

<sup>42</sup> If the cluster had only these two generators, 50 percent of the costs would be split between the two generators. So the small generator would pay 25 percent. The other 50 percent would be split based on the relative size. So of that 50 percent, the small generator would pay 0.6 percent (3/503).

1 pending as of January 31, 2020, would be eligible for the transition process. FERC approved  
2 the January 31, 2020, cutoff date because the “Transition Process accounts for the significant  
3 amount of interconnection requests currently in the queue and creates a mechanism for  
4 efficiently processing those requests while moving forward to a more efficient process.”<sup>43</sup>  
5 Applying the same cutoff date for all projects ensures the queue can be effectively cleared  
6 out and no one type of generator has an unfair advantage over another type of generator.

7 The Interconnection Customer Coalition “proposes that the cut-off date to elect to be  
8 in this year’s Cluster Study for Oregon QFs be extended to 30 days after the Commission’s  
9 order approving PacifiCorp’s Queue Reform Proposal (assuming it is eventually approved,  
10 after revisions)” and that “all Oregon QFs should be allowed to elect to opt into the Cluster  
11 Study this year, even those who did not have an active interconnection request before  
12 January 1, 2020.”<sup>44</sup> These recommendations are unreasonable.

13 First, contrary to the Interconnection Customer Coalition’s claim that the January 31  
14 cutoff date for eligibility in the transition process is a “denial of interconnection service,”<sup>45</sup>  
15 the January 31 cutoff only impacts whether a project is included in the transition process. It  
16 has no bearing on whether a QF will interconnect, it only impacts when.

17 Second, PacifiCorp’s plan to move forward with queue reform was hardly a surprise  
18 given the six-month stakeholder process leading up to PacifiCorp’s FERC filing. As

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<sup>43</sup> FERC Order ¶ 148. PacifiCorp’s Transition Close date is consistent with the cutoff date that FERC has approved for other similar queue reform efforts. *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182 at PP 65-67 (2019) (*PSCo Order*) (accepting PSCo’s proposed transition process, in which Interconnection Customers with an assigned queue position prior to September 27, 2019 are eligible to enter the transition cluster. PSCo filed its queue reform proposal on September 9, 2019).

<sup>44</sup> Joint Comments of Interconnection Customer Coalition at 22; Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

<sup>45</sup> Joint Comments of Interconnection Customer Coalition at 22.

1 discussed above, many Oregon stakeholders participated in that process—including NIPPC,  
2 several individual developers, and counsel for REC. REC and CREA then participated in the  
3 FERC process where the January 31 cutoff date was proposed and addressed at length by  
4 stakeholders and FERC.

5 Notably, despite the fact it was widely known that PacifiCorp had proposed a  
6 transition cut-off date, there have been only four Oregon-jurisdictional interconnection  
7 requests submitted since January 31, 2020. Those requests were submitted after April 1,  
8 2020—the effective date of the FERC reforms—and represent large QFs.<sup>46</sup> These are not  
9 unsophisticated developers.

10 If these projects are excluded from the transition Cluster Study, they will be included  
11 in the April 2021 Cluster Study, which means they are expected to receive their  
12 interconnections study reports within approximately 18 months of submitting their request.  
13 That length of time is not unreasonable and is a necessary consequence of needing to clear  
14 the queue backlog and apply consistent requirements to all generators. It is also, as almost  
15 universally agreed upon by stakeholders, a shorter timeframe than PacifiCorp’s current serial  
16 queue process.

17 **2. QFs entering the transition process will not pay any additional**  
18 **study deposit.**

19 The Interconnection Customer Coalition is also concerned over the treatment of study  
20 deposits that have already been paid for studies that have not been received.<sup>47</sup> As PacifiCorp  
21 explained in its Application, interconnection customers will not be assessed additional study

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<sup>46</sup> The requests are Q1204 (20 MW), 1205 (20 MW), and 1206 (20 MW), which were submitted on April 6, 2020, and Q1219 (80 MW), which was submitted on April 20, 2020.

<sup>47</sup> Joint Comments of Interconnection Customer Coalition at 40.

1 deposits for purposes of the transition Cluster Study. Contrary to the Interconnection  
2 Customer Coalition’s claims, PacifiCorp does not expect Cluster Study costs to be  
3 “substantially higher” than the serial study process and customers entering the transition  
4 cluster are expected to receive their studies sooner than they necessarily would have had the  
5 serial study process remained in place.

6 **3. Delaying approval of queue reform will prohibit Oregon QFs from**  
7 **participating in the transition process.**

8 Several stakeholders recommend that the Commission take additional time to review  
9 PacifiCorp’s proposed reforms.<sup>48</sup> If the Commission is inclined to do so, however, it will  
10 presumably mean that Oregon QF developers will be unable to participate in the transition  
11 process that will commence in October 2020. If that occurs, Oregon QFs will be delayed  
12 because the Company’s transition Cluster Study process will proceed ahead of Oregon QFs,  
13 as required by the OATT. And because the transition Cluster Study process may well last  
14 until April 2021, when the first prospective cluster process begins, Oregon QFs may be  
15 sidelined again if they are not allowed to participate in the Cluster Study process.

16 The Company appreciates concerns over the process to review and approve its  
17 proposal. But delay is unlikely to benefit Oregon QFs and will likely place them at a  
18 disadvantage relative to Oregon FERC-jurisdictional interconnection and QFs from other  
19 states that participate in the Cluster Study process.

20 **F. PacifiCorp’s proposal provides sufficient time for QFs to review Cluster Study**  
21 **reports.**

22 The proposed Cluster Study process provides customers with 30 days to evaluate the  
23 results of the Cluster Study before deciding whether to withdraw or move to the Facilities

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<sup>48</sup> See, e.g., Comments of Northwest and Intermountain Power Producer’s Coalition at 1.

1 Study phase. The Interconnection Customer Coalition argue 30 days is insufficient and  
2 customers should have 60 days to decide whether to continue through the interconnection  
3 process.<sup>49</sup> This proposal is unreasonable and should be rejected.

4 First, it is critical that both the FERC and state Cluster Study processes move in  
5 tandem because whether projects move forward or withdraw will determine whether  
6 restudies are required.<sup>50</sup> FERC-jurisdictional interconnection customers must decide within  
7 30 days whether to sign their Facilities Study agreement or withdraw. If Oregon QFs are  
8 allowed an additional 30 days, then FERC-jurisdictional customers will be required to sign a  
9 Facilities Study agreement or withdraw before knowing if a restudy will be required. A  
10 mismatch here would create an unworkable process that would discriminate against FERC-  
11 jurisdictional customers. Indeed, the Interconnection Customer Coalition point out this flaw  
12 in their recommendation when they acknowledge that “PacifiCorp is likely unwilling to  
13 extend this period of time given that other interconnection customers in the Cluster Study  
14 may be dependent upon the decision to move forward with the Facilities Study.”<sup>51</sup>

15 Second, the Interconnection Customer Coalition’s recommendation fails to account  
16 for the fact that the Company’s proposal provides *more* time for small generators to review  
17 their interconnection study before proceeding to the Facilities Study phase. The  
18 Commission’s small generator interconnection rules provide that an interconnection

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<sup>49</sup> Joint Comments of Interconnection Customer Coalition at 41-43.

<sup>50</sup> Notably, FERC approved the 30-day review period after NIPPC and CREA recommended a 60-day period. *See* Motion to Reject Tariff Filing and for Technical Conference and Settlement Proceeding and Protest of the Community Renewable Energy Association and the Renewable Energy Coalition, FERC Docket No. ER20-924-000 at 39-40 (April 10, 2020); Comments of Northwest and Intermountain Power Producers Coalition on PacifiCorp’s March 13 Response to Deficiency Letter at 10-11, FERC Docket No. ER20-924-001 (April 10, 2020).

<sup>51</sup> Joint Comments of Interconnection Customer Coalition at 43.

1 customer “must execute the interconnection facilities study agreement within 15 business  
2 days after receipt of the agreement or the application is deemed withdrawn.”<sup>52</sup> Under  
3 PacifiCorp’s proposal, small generators have 30 days to execute the Facilities Study  
4 agreement. For large generators, the timing for execution of the Facilities Study is  
5 unchanged.

6 The Interconnection Customer Coalition is also concerned that PacifiCorp will be  
7 unwilling to work with customers to understand study results and consider alternatives to  
8 lower costs and resolve disputes.<sup>53</sup> PacifiCorp’s use of Cluster Studies will in no way change  
9 its approach to working with customers to both understand the results of their studies and  
10 resolve potential disputes over costs or timing of necessary upgrades.

11 NewSun and OSEIA recommend that PacifiCorp allow time for independent studies  
12 as provided for in OAR 860-082-0060(7)(h).<sup>54</sup> That rule states: “If an applicant provides an  
13 independent system impact study to the public utility, then the public utility must evaluate  
14 and address any alternative findings from that study.” PacifiCorp has not requested a waiver  
15 of that provision of the small generator interconnection rule and it will continue to apply.  
16 PacifiCorp will not, however, modify the proposed Cluster Study timelines. As discussed  
17 above, the proposed reforms already provide more time for review than the existing small  
18 generator interconnection rules.

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<sup>52</sup> OAR 860-082-0060(8)(c).

<sup>53</sup> Joint Comments of Interconnection Customer Coalition at 43.

<sup>54</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 11.

1           **G. PacifiCorp’s proposed requirements for large generators strike a reasonable**  
2           **balance.**

3                   **1.       Posting security for network upgrade obligations is reasonable**

4           In order to proceed to the Facilities Study, PacifiCorp proposes that large QFs be  
5           required to post security equal to 100 percent of the allocated network upgrade costs  
6           determined in the Cluster Study. The purpose of this provision is to ensure that only those  
7           projects that can be developed move into the Facilities Study process.

8           NewSun and OSEIA argue that this requirement is problematic because it requires the  
9           customer to post security within 30 days of receiving the network upgrade cost estimate from  
10          the Cluster Study and the security deposit is too high because it is 100 percent of the  
11          allocated network upgrade cost.<sup>55</sup> At FERC, the network upgrade security requirement was  
12          relatively non-controversial and approved without substantive discussion by FERC. There is  
13          no material difference between FERC-jurisdictional generators that would be required to post  
14          the network upgrade security and state-jurisdictional generators. Therefore, treating these  
15          generators differently is unreasonable.

16          NewSun and OSEIA further recommend that PacifiCorp accept a bond as acceptable  
17          security.<sup>56</sup> PacifiCorp’s proposal did not change the existing forms of acceptable security,  
18          which includes a surety bond.

19          NewSun and OSEIA recommend that Oregon QFs have 60 days to post security.<sup>57</sup>  
20          As discussed above, creating a timing mismatch between Oregon QFs and FERC-  
21          jurisdictional generators creates an unworkable process.

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<sup>55</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 9; Comments of Northwest and Intermountain Power Producer’s Coalition at 4.

<sup>56</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 9.

<sup>57</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 9.



1                   **2. The proposed withdrawal penalties for large generators are**  
2                   **reasonable.**

3                   PacifiCorp proposes penalties for large generator withdrawals only under certain  
4 conditions. Specifically, there are no withdrawal penalties if (1) the withdrawal of the large  
5 generator does not negatively affect the timing or cost of other projects within the same  
6 cluster; (2) the large generator withdraws after receiving the most recent Cluster Study report  
7 and the costs assigned to the interconnection request identified in that report have increased  
8 by more than 25 percent compared to costs identified in the previous Cluster Study report  
9 (i.e., a cluster restudy occurs and assigns higher network upgrade costs to projects that  
10 remained in the cluster); or (3) the large generator withdraws after receiving the individual  
11 Facilities Study Report and the costs assigned to the interconnection request identified in that  
12 report increased by more than 100 percent compared to costs identified in the most recent  
13 Cluster Study Report.

14                  FERC approved the same withdrawal penalties after concluding that the penalties  
15 “strike[] a reasonable balance between increasing the requirements for keeping a queue  
16 position and minimizing barriers to entry.”<sup>58</sup> FERC explained that the “withdrawal penalties  
17 provide an incentive to interconnection customers to ensure that their interconnection-related  
18 decisions take into account the costs associated with an interconnection customer  
19 withdrawing from the queue.”<sup>59</sup> FERC rejected concerns that the withdrawal penalties were  
20 excessive, finding the “withdrawal penalties should encourage prudent siting decisions and  
21 the timely acquisition of permits[.]”<sup>60</sup> Because “PacifiCorp’s proposal exempts

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<sup>58</sup> FERC Order ¶ 112.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.* ¶ 113.

1 interconnection customers from withdrawal penalties to the extent their withdrawal does not  
2 inconvenience other interconnection customers,” FERC noted, a customer “that is assessed  
3 withdrawal penalties has imposed costs and delays on other interconnection customers in its  
4 cluster.”<sup>61</sup>

5         The Interconnection Customer Coalition argue that the withdrawal penalties  
6 applicable to large QFs are excessive because the “obligation to pay for study costs may well  
7 be an adequate disincentive to state-jurisdictional generators entering [a Cluster Study]  
8 without adequate clarity of their intent.”<sup>62</sup> While study deposits could theoretically deter  
9 speculative projects from entering a cluster only to later withdraw, this has not occurred  
10 historically. The current serial queue backlog occurred despite study deposits, which  
11 indicates that study deposits alone are insufficient to deter speculative projects from clogging  
12 the interconnection process. Moreover, the study deposits for large generators under  
13 PacifiCorp’s proposal will be *lower* for most, if not all, Oregon QFs, as discussed below.

14         The withdrawal penalties are also particularly important for Oregon QFs because the  
15 Company is not proposing the same commercial readiness requirement that will apply to  
16 FERC-jurisdictional generators. PacifiCorp’s proposed reforms are driven by a need to  
17 better ensure that only those projects that will actually get developed are included in the  
18 interconnection study process. The withdrawal penalties for large projects are critical to  
19 ensure that only those projects that are ready to move forward and commercially viable enter  
20 a Cluster Study.

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<sup>61</sup> *Id.*

<sup>62</sup> Joint Comments of Interconnection Customer Coalition at 44; Comments of Northwest and Intermountain Power Producer’s Coalition at 2.

1 NewSun and OSEIA claim that the withdrawal penalties are “unduly punitive” and  
2 should be reduced or eliminated.<sup>63</sup> In particular, NewSun and OSEIA argue that the  
3 thresholds for exempting a QF from withdrawal penalties (i.e., if the Cluster Study report  
4 increases costs by more than 25 percent above the prior Cluster Study or if the Facilities  
5 Study increases costs by more than 100 percent from the Cluster Study) should be reduced to  
6 encourage PacifiCorp to provide accurate cost estimates. This argument misunderstands the  
7 purpose of the exemptions from withdrawal penalties, which are not designed for a scenario  
8 where the Company poorly estimates the network upgrade costs. Instead, these thresholds  
9 are designed for a scenario where a restudy is required and the interconnection customer does  
10 not withdraw based on the results of the initial cluster study but does withdraw after the  
11 restudy or the scenario where a project withdraws after the Cluster Study but there is no  
12 restudy and the Facilities Study identifies higher costs because of the withdrawal. As  
13 NewSun and OSEIA correctly note, PacifiCorp will remain obligated to provide a Facilities  
14 Study with estimated costs within plus-or-minus 10 or 20 percent depending on the  
15 interconnection customer’s preference.

16 **3. The proposed study deposits for large generators are lower than**  
17 **current requirements.**

18 The current QF-LGIP requires a large QF to pay a deposit of \$50,000 for a System  
19 Impact Study and \$100,000 for a Facilities Study. This means that assuming a customer  
20 proceeds directly to the System Impact Study, it would pay a total deposit of \$150,000 for its  
21 studies. PacifiCorp’s proposal would require a total deposit of only \$75,000 for large  
22 generators less than 50 MW and \$150,000 for generators between 50 and 200 MW. The only

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<sup>63</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7-8.

1 generators that will pay a higher study deposit under the proposed reforms are generators  
2 larger than 200 MW.

3 NewSun and OSEIA argue that the proposed study deposits “will likely be too high  
4 for many QFs to bear.”<sup>64</sup> This claim cannot be squared with the fact that study deposits will  
5 actually decrease under PacifiCorp’s proposal. Indeed, NewSun and OSEIA concede that  
6 because of the size limit on QFs, none will be subject to the higher deposits for projects  
7 larger than 200 MW.<sup>65</sup>

8 **4. PacifiCorp’s heightened site control requirements for large**  
9 **generators should deter withdrawals and restudies.**

10 PacifiCorp’s queue reform proposal includes heightened site control requirements for  
11 large generators, which are designed to better ensure that only those projects that have a path  
12 to development will be included in the Cluster Studies. To enter a Cluster Study, a large  
13 generator would be required to either demonstrate site control as part of their interconnection  
14 request submission, or to provide a \$10,000 deposit in lieu of showing site control. If a  
15 customer paid a deposit in lieu of site control, the customer must then demonstrate actual site  
16 control to obtain a Facilities Study. To demonstrate site control, the customer must show that  
17 the site is of “sufficient size” to construct the facility and that the customer has an exclusive  
18 right to occupy the site. PacifiCorp has posted the size requirements to OASIS. To provide  
19 project developers with flexibility, PacifiCorp will also permit customers to propose  
20 alternative specifications for site size to those posted on OASIS, consistent with the site  
21 control requirements approved by the FERC in PacifiCorp’s queue reform proceeding and

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<sup>64</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7.

<sup>65</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7.

1 other similar reform efforts.<sup>66</sup> In fact, the site control sizing that PacifiCorp is utilizing was  
2 generally supported by stakeholders during PacifiCorp’s FERC queue reform process.  
3 Additionally, as recommended by many stakeholders, PacifiCorp’s site control requirements  
4 only cover the site of the generating facility and not interconnection customer  
5 interconnection facilities such as tie lines.

6 NewSun and OSEIA argue that the proposed site control requirements for large  
7 generators should be rejected because the requirements leave too much discretion to  
8 PacifiCorp.<sup>67</sup> In particular, NewSun and OSEIA claim that the requirement that the site must  
9 be of “sufficient size” to construct the facility is too discretionary. PacifiCorp will approve  
10 reasonable alternative site size specifications proposed by the Interconnections Customer,  
11 supported by an engineer’s certificate demonstrating site size adequacy if PacifiCorp and the  
12 interconnection customer cannot agree on adequate site size.

13 NewSun and OSEIA also argue that it is unreasonable to require full site control  
14 “before definitive studies are completed as it would impose unnecessary costs on the  
15 customer without knowing the electrical outcomes and costs[.]”<sup>68</sup> PacifiCorp’s proposal only  
16 requires actual site control prior to the Facilities Study. So before full site control is required,  
17 the QF will know the expected interconnection costs. This is consistent with PacifiCorp’s  
18 current interconnection procedures which also require site control at the facilities study stage.

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<sup>66</sup> *Pub. Serv. Co. of N.M.*, 136 FERC ¶ 61,231 at P 81 (2011) (*PNM Order*); *PSCo Order* at P 58; PNM LGIP Section 3.3.1(iii); PSCo LGIP Section 3.4.1(c).

<sup>67</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 6-7.

<sup>68</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 6.

1           **H. PacifiCorp clarifies the small generator rules subject to its waiver request.**

2           The Interconnection Customer Coalition request greater clarity on the specific small  
3 generator interconnection rules that are the subject of PacifiCorp’s waiver request.<sup>69</sup> To that  
4 end, PacifiCorp reiterates that its waiver request applies to only one rule—OAR 860-082-  
5 0060, which is the rule describing the study process for Tier 4 interconnections. Attached to  
6 these comments as Attachment 1 is a document showing the specific provisions that are  
7 subject to the waiver. As described in the Company’s Application, the study provisions in  
8 OAR 860-082-0060 will be superseded by the Cluster Study provisions set out in the revised  
9 QF-LGIP, Article 7.

10           In addition, as explained in the Application, the Company is also requesting approval  
11 of the following:

- 12           • Approval to allocate interconnection study costs as set forth in proposed QF-  
13 LGIP Article 4.2.2. This reform would modify the terms of OAR 860-082-0035  
14 related to payment of study costs by small generators. The study *deposit*,  
15 however, would not change.
- 16           • Approval to share network upgrade costs identified in Cluster Studies as set  
17 forth in proposed QF-LGIP Article 4.2.3. OAR 860-082-0035(4) requires the  
18 utility to identify necessary network upgrades and requires the generator to pay  
19 for the reasonable costs of the identified upgrades. This proposal does not  
20 modify those provisions but does provide additional details into how PacifiCorp  
21 will identify and allocate the costs of network upgrades.
- 22           • Subject small generators to the Material Modification provisions set forth in the  
23 proposed QF-LGIP Article 4.4. OAR Chapter 860, Division 82 has no  
24 comparable provision.
- 25           • Allow small generators to request Informational Interconnections Studies as set  
26 forth in proposed QF-LGIP Article 6.1. OAR Chapter 860, Division 82 has no  
27 comparable provision.
- 28           • Require small generators to use the modified Facilities Study Agreement,  
29 included as Attachment C to the Application and require small generators to use

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<sup>69</sup> Joint Comments of Interconnection Customer Coalition at 46-47.

1 the modified Cluster Study Agreement included as Appendix 3 to the modified  
2 QF-LGIP.

3 To be clear, small generators will have no change to study deposits or application  
4 fees, no withdrawal penalties, no requirement to post security for network upgrades, and no  
5 increased requirements for demonstrating site control.

6 The Interconnection Customers Coalition fault PacifiCorp for not proposing new  
7 rules for small generators and instead relying on the QF-LGIP.<sup>70</sup> Given that PacifiCorp’s  
8 proposal impacts only the Company, and is therefore not generally applicable, PacifiCorp did  
9 not propose new utility-specific administrative rules.<sup>71</sup>

10 **I. PacifiCorp’s proposed reforms reasonably fill the existing gap for Oregon QFs**  
11 **between 10 and 20 MW.**

12 Oregon’s current interconnection framework has a gap—there are no applicable rules  
13 for interconnecting generators with capacity greater than 10 MW and less than 20 MW. As  
14 part of its queue reform proposal, PacifiCorp proposed to close that gap by applying the  
15 interconnection process applicable to large generators to all QFs larger than 10 MW.  
16 Stakeholders recommend that the Company modify its proposal so that the small generation  
17 interconnection procedures apply to all projects that are 20 MW or less.<sup>72</sup> The Commission’s  
18 original framework for large generators was intended to apply to all those above 10 MW,  
19 consistent with PacifiCorp’s proposal here. Moreover, if a QF is 10 MW, then it is almost  
20 certainly interconnecting to the Company’s transmission system. Thus, its system impact is  
21 more comparable to a 21 MW large generator than a 2 MW small generator interconnecting

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<sup>70</sup> Joint Comments of Interconnection Customer Coalition at 14.

<sup>71</sup> See ORS 183.310(9) (“‘Rule’ means any agency directive, standard, regulation or statement of *general applicability* that implements, interprets or prescribes law or policy, or describes the procedure or practice requirements of any agency.”) (emphasis added).

<sup>72</sup> See, e.g., Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 6.

1 to the distribution system. This means, for example, that if an 11 MW project withdraws  
2 from a cluster, it is far more likely to trigger a restudy. Therefore, it is reasonable to apply  
3 the deterrents to withdrawal, such as penalties, to 11 MW projects.

4 **J. PacifiCorp agrees to modify and clarify its proposal in response to stakeholder**  
5 **feedback.**

6 **1. QFs can downsize their project consistent with the provisions**  
7 **under the current QF-LGIP.**

8 NewSun and OSEIA seek confirmation that an interconnection customer can  
9 downsize their project consistent with the current QF-LGIP, which allows a customer to  
10 reduce the size of a project by up to 60 percent prior to executing a System Impact Study  
11 Agreement.<sup>73</sup> The Cluster Study is now the equivalent of the System Impact Study. An  
12 interconnection customer can change the size of its project in any way it wants prior to  
13 executing a Cluster Study Agreement. Interconnection customers are also still allowed to  
14 downsize their requests by up to 15 percent following the cluster study but prior to executing  
15 the facilities study agreement.<sup>74</sup> However, once that Cluster Study Agreement is executed,  
16 any change other than the 15 percent downsize will be studied as a Material Modification to  
17 prevent harm to other interconnection customers. This is the same as the current QF-LGIP  
18 where any changes occurring after the System Impact Study are addressed as potential  
19 Material Modifications.

20 To support this recommendation, NewSun and OSEIA argue that PacifiCorp’s  
21 proposed reforms “fail to meet FERC standards of a new OATT not being worse than  
22 before.”<sup>75</sup> This appears to ignore the fact that FERC already approve queue reform after

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<sup>73</sup> QF-LGIP, Art. 4.4.1.

<sup>74</sup> PacifiCorp Proposed QF-LGIP, Art. 4.4.2.

<sup>75</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 10.



1 specifically finding that the proposed reforms were consistent with or superior to the *pro*  
2 *forma* OATT.<sup>76</sup>

3 **2. PacifiCorp is not proposing a commercial readiness requirement**  
4 **for Oregon QFs.**

5 The Interconnection Customer Coalition is worried that PacifiCorp might ask in the  
6 future to apply commercial readiness to Oregon QFs.<sup>77</sup> If PacifiCorp determines that  
7 applying commercial readiness to Oregon QFs is reasonable, it will file a request with the  
8 Commission for approval of that change, together with any other changes to QF contracting  
9 practices that may be required to implement a commercial readiness requirement for QFs.  
10 The Company will not, and cannot, make that change unilaterally and without Commission  
11 approval.

12 **3. PacifiCorp’s proposal does not change how it addresses existing**  
13 **QFs needing to replace an expiring interconnection agreement.**

14 The Interconnection Customer Coalition request that PacifiCorp clarify how the  
15 proposed reforms impact existing interconnection customers that may be nearing the end of  
16 the term of their existing interconnection agreement.<sup>78</sup> PacifiCorp’s proposal does not  
17 specifically address this issue because there is no change from existing policies. PacifiCorp’s  
18 current and ongoing practice is that existing projects are not restudied in order to execute a  
19 new interconnection agreement<sup>79</sup> unless there is a material change to the project, such as an

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<sup>76</sup> See FERC Order ¶ 7 (“...we find that the alternate proposals offered by PacifiCorp in its Deficiency Response are consistent with or superior to the procedures promulgated under Order No. 2003, and we therefore direct PacifiCorp to submit a compliance filing within 45 days of the date of this order.”).

<sup>77</sup> Joint Comments of Interconnection Customer Coalition at 48.

<sup>78</sup> Joint Comments of Interconnection Customer Coalition at 45; Comments of Northwest and Intermountain Power Producer’s Coalition at 2.

<sup>79</sup> While the existing project is not restudied, there may be additional requirements or equipment upgrades that are necessary to bring the interconnection facilities up to current standards. See OAR 860-082-0025(1)(e)(C) (“A public utility may require the interconnection customer to pay for interconnection facilities, system upgrades, or changes to the small generator facility or its associated interconnection equipment that are

1 increase in capacity.<sup>80</sup> Under the serial queue process, an increase in capacity would require  
2 the existing customer to submit a new interconnection request for the increased capacity.  
3 That request would go to the back of the queue and would be studied after all other prior  
4 queued projects. Under the Cluster Study process, that new capacity would be studied in the  
5 next cluster following the submission of the request.

6 The Interconnection Customer Coalition argue it is unfair that an existing project's  
7 increased capacity would be studied in a cluster with other QFs because the existing project's  
8 new interconnection agreement could be delayed if they are forced into a cluster. PacifiCorp  
9 believes that the Cluster Study process provides much more certainty that the serial queue  
10 approach. In the case of an existing QF, that project would know exactly when its current  
11 interconnection agreement ends and can easily plan to enter the cluster that will provide it  
12 results before its agreement ends. Under the prior serial process, there was much less  
13 certainty because the timing of a study was dependent on the volume of higher queued  
14 requests and impacted by persistent withdrawals.

#### 15 **4. Clarifications on performance of Informational Interconnection** 16 **Studies.**

17 PacifiCorp agrees to the NewSun and OSEIA request that the Company publicly post  
18 its Informational Interconnection Studies.<sup>81</sup> PacifiCorp also agrees that it will begin

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necessary to bring the small generator facility interconnection into compliance with the small generator interconnection rules or IEEE 1547 or 1547.1.”).

<sup>80</sup> See OAR 860-082-0025(1)(b) (“A person with an existing interconnected small generator facility who proposes to make any change to the facility, other than a minor equipment modification, must submit an application to the public utility. This includes changes affecting the nameplate capacity of the existing interconnected small generator facility or the output capacity authorized in the agreement governing the terms of the interconnection.”).

<sup>81</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8.

1 processing Informational Interconnection Studies in the order that the requests are received.<sup>82</sup>  
2 This does not necessarily mean that Informational Interconnection Studies will be issued in  
3 the order received, however, because the time required to complete individual studies may  
4 vary. NewSun and OSEIA request that the Company’s timeline for completing  
5 Informational Interconnection Studies provide that the Company will use reasonable efforts  
6 to complete the Informational Interconnection Studies within 45 days, consistent with the  
7 requirement that currently applies to Feasibility Studies.<sup>83</sup> PacifiCorp agrees that it will  
8 make reasonable efforts to complete Informational Interconnection Studies as expeditiously  
9 as possible. But depending on when a request is received and the volume of requests  
10 received, it may not be possible to complete studies within 45 days. For example, if a request  
11 for an Informational Interconnection Study is received in the middle of a Cluster Study, the  
12 Company must complete the Cluster Study before turning to the Informational  
13 Interconnection Study, which could delay completion of the study.

14 **5. PacifiCorp will file a report within two years to review the efficacy**  
15 **of queue reform.**

16 NewSun and OSEIA recommend that PacifiCorp provide stakeholder check-ins at  
17 various points in the initial implementation stages of queue reform.<sup>84</sup> As discussed above,  
18 PacifiCorp has already committed to preparing a detailed report within two years of the  
19 effective date of the queue reform proposal to address the efficacy of the proposed changes.

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<sup>82</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8.

<sup>83</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8; Comments of Northwest and Intermountain Power Producer’s Coalition at 4.

<sup>84</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 11.

1           Moreover, NewSun and OSEIA’s request for a report after each Cluster Study  
2 summarizing the results is effectively describing the Cluster Study reports, which will be  
3 publicly posted just as current interconnection studies are publicly posted.

4                   **6.       PacifiCorp agrees to accept Oregon interconnection requests at**  
5                   **any time.**

6           The Interconnection Customer Coalition and NewSun and OSEIA recommends that  
7 PacifiCorp accept interconnection request from Oregon QFs at any time, not just during the  
8 45-day Cluster Study window beginning on April 1 of each year.<sup>85</sup> This request was  
9 discussed during the Oregon workshops and PacifiCorp indicated that it would not object to  
10 this modification. To be clear, however, the Company’s receipt of interconnection requests  
11 before the April 1 Cluster Study window opens for FERC-jurisdictional requests does not  
12 mean that Oregon QFs have any priority for purposes of the Cluster Study.

13           The Interconnection Customer Coalition also request that customers be allowed to  
14 request Informational Interconnection Studies at any time of the year.<sup>86</sup> To be clear there is  
15 no limit on the timing for Informational Interconnection Studies, except that the Company  
16 will not provide them until after October 15, 2020. The Company’s proposal is intended to  
17 relieve the burden on PacifiCorp as it prepares for the transition Cluster Study process.  
18 Moreover, an Information Interconnection Study provided before October 15, 2020, would  
19 be of limited value because PacifiCorp would have to assume that the currently existing  
20 interconnection queue remains in place. After the queue is cleared on October 15, 2020,  
21 Informational Interconnection Studies will have more meaning.

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<sup>85</sup> Joint Comments of Interconnection Customer Coalition at 40-41; Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7; Comments of Northwest and Intermountain Power Producer’s Coalition at 2.

<sup>86</sup> Joint Comments of Interconnection Customer Coalition at 40-41.

1 NewSun and OSEIA also request that customers have 10 days to remedy a deficient  
2 interconnection request even if that interconnection request is not remedied by the close of  
3 the 45-day Cluster Study window.<sup>87</sup> Given that PacifiCorp agrees customers can submit  
4 requests at any time, this additional requirement is unnecessary and risks delaying the  
5 commencement of Cluster Studies.

6 **7. Consistent with current practice, changes between state and**  
7 **FERC-jurisdiction are studied as a Material Modification.**

8 NewSun and OSEIA request that the Company confirm that its current practice of  
9 addressing changes between jurisdictions as a Material Modification.<sup>88</sup> PacifiCorp confirms  
10 that if a customer changes from state- to FERC-jurisdiction, or from FERC- to state-  
11 jurisdiction, or requests any other change to its interconnection request, the change will be  
12 studied as a Material Modification to ensure that the change does not harm other  
13 interconnection customers.

14 **K. The Cluster Study process is reasonable.**

15 **1. Clusters will be established based on electrical relevance.**

16 The Interconnection Customer Coalition request additional clarification on how  
17 PacifiCorp will identify electrically relevant areas for purposes of determining clusters.<sup>89</sup>  
18 PacifiCorp discussed this issue at length during the second workshop. As explained, a  
19 project is electrically relevant to another project if they both impact the same facilities (e.g.,  
20 transmission lines or substations) or if the interconnection of one project directly impacts the

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<sup>87</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7.

<sup>88</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 11.

<sup>89</sup> Joint Comments of Interconnection Customer Coalition at 47-48; Comments of Northwest and Intermountain Power Producer's Coalition at 3.

1 other. Electrical relevance is distinct from geography, i.e., two projects could be  
2 geographically close to one another but not electrically relevant.

3 PacifiCorp will define Cluster Study areas by discrete electrical boundaries (e.g.,  
4 transmission line and substation interfaces). Cluster areas will be determined by the requests  
5 received for a given cluster, not pre-determined based on existing load bubbles or other  
6 definitions. Known constraints will be useful in identifying the cluster areas, such as:

- 7 • Geographic and electrical proximity behind known or expected transmission  
8 constraints/bottlenecks;
- 9 • Existing “load bubbles” in Oregon, which are generally defined by third-party  
10 transmission interconnections;
- 11 • Results of other Cluster Studies and resulting transmission system improvements;
- 12 • Locations of new planned transmission expansion; and
- 13 • Locations of any known generator retirements;

14 The Company cannot precisely define Cluster Study areas until the requests are  
15 submitted and the study participants are known.

16 **2. Allowing changes to points of interconnection after the Cluster**  
17 **Study harms other customers.**

18 NewSun and OSEIA recommend that customers be allowed to change their point of  
19 interconnection after the Cluster Study.<sup>90</sup> Under PacifiCorp’s proposal, such a change would  
20 be studied as a Material Modification. If the new point of interconnection constitutes a  
21 Material Modification, then the change would be prohibited because it would adversely  
22 impact other interconnection customers. Allowing customers unfettered discretion to change  
23 their points of interconnection when doing so would require a restudy increases the risk of

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<sup>90</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 7; Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

1 study delays and undermines the study certainty the Company is attempting to achieve with  
2 Cluster Studies. Moreover, to the extent an interconnection customer wants to test various  
3 points of interconnection, they can use the Informational Interconnection Study process to do  
4 so.

5 **3. Shortening the timeline for cluster restudies is unworkable.**

6 NewSun and OSEIA recommend that PacifiCorp should conduct cluster restudies  
7 within 10 business days if any restudies are required because of withdrawal after the initial  
8 Cluster Study.<sup>91</sup> This proposal is entirely unworkable and presumes that the Company  
9 should take short-cuts in the process that would be contrary to good utility practice.

10 PacifiCorp appreciates the concern that cascading restudies could delay conclusion of Cluster  
11 Studies, which is why the Company has proposed gating mechanisms, such as withdrawal  
12 penalties, increased site control requirements, limited ability to change points of  
13 interconnection, and posting security for network upgrades, that are designed to deter  
14 projects from entering clusters unless they are prepared to complete the process. NewSun  
15 and OSEIA recommend eliminating or watering down all these requirements, which will  
16 produce just the “quagmire” they complain about. Taking study short-cuts is not the  
17 solution.

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<sup>91</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 10.

1           **L. PacifiCorp’s proposal to limit post-study and post-interconnection agreement**  
2           **modifications reasonably balances interests among interconnection customers**

3                           **1. PacifiCorp’s proposal reasonably protects other interconnection**  
4                           **customers from the impact of suspended interconnection agreements.**

5           NewSun and OSEIA recommend that there be no changes to a customer’s suspension  
6 rights.<sup>92</sup> They fail to identify any reason for this recommendation or any specific change to  
7 which they object. PacifiCorp proposed one change to the QF-LGIP related to suspension—  
8 if an interconnection customer suspends its interconnection agreement, then the customer  
9 will be required to pay for costs associated with any studies or restudies required as a result  
10 of the suspension, including any restudies associated with affected interconnection  
11 customers.<sup>93</sup> This provision is designed to minimize the impact on other interconnection  
12 customers arising from the suspension of an interconnection agreement.

13                           **2. Customers should not have expanded rights to extend their**  
14                           **commercial operation date.**

15           PacifiCorp proposed a clarification to the ability of an interconnection customer to  
16 request an extension of its commercial operation date (COD). Under the current QF-LGIP, it  
17 states:

18                           Extensions of less than three (3) cumulative years in the  
19                           Commercial Operation Date of the Large Generating Facility to  
20                           which the Interconnection Request relates are not material and  
21                           should be handled through construction sequencing; provided,  
22                           however, that extensions may necessitate a determination of  
23                           whether additional studies are required pursuant to Applicable  
24                           Laws and Regulations and Applicable Reliability Standards.<sup>94</sup>

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<sup>92</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 8.

<sup>93</sup> PacifiCorp Proposed QF-LGIP Article 3.6.1.1.

<sup>94</sup> QF-LGIP, Art. 4.4.5.



1           PacifiCorp proposes additional sentences to clarify that, “For purposes of this Article,  
2 the Commercial Operation Date reflected in the initial Interconnection Request shall be used.  
3 Such cumulative extensions are inclusive of extensions requested after execution of the QF-  
4 LGIA by Interconnection Customer.” Because extensions of CODs can adversely impact  
5 other interconnection customers, PacifiCorp’s proposal clarifies that any extension of more  
6 than three years from the initial interconnection request COD will be subject to a Material  
7 Modification analysis to ensure that other customers are not harmed by virtue of an extended  
8 COD.

9           NewSun and OSEIA recommend that PacifiCorp remove the clarifying language but  
10 it is not clear how much time they recommend allowing an extended COD or whether they  
11 are recommending a change to the current QF-LGIP or simply retaining the status quo.<sup>95</sup> In  
12 the alternative, NewSun and OSEIA recommend that customers be allowed to suspend their  
13 request after executing a QF-LGIA for up to three years beyond the three years from the  
14 COD in the initial interconnection request.<sup>96</sup> Although it is not entirely clear what is  
15 proposed, allowing extensions beyond three years without requiring a Material Modification  
16 analysis risks harming other interconnection customers and should be rejected. Again,  
17 allowing the types of changes NewSun and OSEIA recommend creates more uncertainty in  
18 the study process and increases the likelihood of restudies that will bog down the  
19 interconnection process and result in the same backlog that plagues the current serial queue  
20 process.

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<sup>95</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 10.

<sup>96</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 10.

1           **M. Queue reform does not require any changes to standard QF PPAs or contracting**  
2           **practices.**

3           The Interconnection Customer Coalition recommend that if queue reform is  
4 approved, PacifiCorp should be required to execute PPAs before QFs have Cluster Study  
5 reports.<sup>97</sup> NewSun and OSEIA make a similar recommendation.<sup>98</sup> The Commission has  
6 indicated that it “generally consider[s] it reasonable for electric companies to complete the  
7 due diligence process before sending final draft executable contracts for signature by QFs.”<sup>99</sup>  
8 As part of the Company’s basic due diligence before executing a QF PPA, the Company has  
9 historically verified that the QF’s stated COD is reasonably supported by its interconnection  
10 studies. Failure to perform this basic due diligence could result in inconsistent CODs in the  
11 PPA and interconnection agreement. As discussed during the workshops, while this  
12 contracting practice may be under review for a variety of reasons in other ongoing  
13 dockets,<sup>100</sup> there is no reason that PacifiCorp transmission’s proposal to switch from serial  
14 processing to cluster study processing as proposed in this docket would require any change to  
15 the Company’s contracting practices. If anything, all things being equal, it would seem to  
16 facilitate such a practice, as the timing of Cluster Studies and the issuing of reports are  
17 expected to be more certain and timelier than interconnection studies under the existing serial  
18 queue process.

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<sup>97</sup> Joint Comments of Interconnection Customer Coalition at 31.

<sup>98</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 11.

<sup>99</sup> *Blue Marmot v. Portland General Electric Co.*, Docket No. UM 1829, et al., Order No. 19-322 at 16 (Sept. 30, 2019).

<sup>100</sup> PacifiCorp is also reassessing this contracting practice in light of FERC’s recent PURPA rulemaking order. See *Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978*, 172 FERC ¶ 61,041 (July 16, 2020).

1           Although NIPPC’s comments touch on this issue,<sup>101</sup> NIPPC informed FERC that,  
2 “NIPPC believes that compliance with PURPA requires that QFs either be able to obtain a  
3 power purchase agreement without having to complete an interconnection agreement or,  
4 conversely, qualify for a cluster study without being subject to the same eligibility criteria  
5 applied to non-QF projects.”<sup>102</sup> Because the Company is not requiring commercial readiness  
6 to qualify for a Cluster Study, the Company has resolved NIPPC’s concern. (Nor has it been  
7 PacifiCorp’s practice to make an interconnection agreement a prerequisite to a power  
8 purchase agreement in any event.)

9           The Interconnection Customer Coalition further recommend that if the Commission  
10 approves the use of Cluster Studies, it change the Company’s standard QF PPA to provide  
11 the QF a unilateral right to terminate the PPA without damages within 30 days of receipt of  
12 an interconnection study report and to provide the QF the unilateral right to amend the  
13 Scheduled COD in the PPA up to five years from the effective date of the PPA.<sup>103</sup> These  
14 changes are well beyond the scope of this docket and are unnecessary because the use of  
15 Cluster Studies will not materially change the current relationship between QF PPA and  
16 interconnection processes, as discussed above.

17           Moreover, to the extent the Commission wants to examine contracting practices and  
18 terms more broadly, that topic and the specific issue raised by the Interconnection Customer  
19 Coalition is currently being addressed in docket AR 631 on a generic basis applicable to all

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<sup>101</sup> Comments of Northwest and Intermountain Power Producer’s Coalition at 2.

<sup>102</sup> Comments of Northwest and Intermountain Power Producers Coalition on PacifiCorp’s March 13 Response to Deficiency Letter at 3, FERC Docket No. ER20-924-001 (April 10, 2020).

<sup>103</sup> Joint Comments of Interconnection Customer Coalition at 33.

1 three utilities. PacifiCorp’s queue reform proposal provides no basis to modify this policy in  
2 this docket.

3 **N. PacifiCorp does not oppose making additional changes to the QF-LGIP to**  
4 **conform to the OATT but those changes should occur in another proceeding.**

5 NewSun and OSEIA recommend that PacifiCorp further revise the QF-LGIP to  
6 incorporate additional changes that have been made to the OATT since the Commission  
7 adopted the QF-LGIP in 2010.<sup>104</sup> PacifiCorp does not necessarily disagree with this  
8 recommendation, although not all changes to the OATT are reasonable for Oregon. That  
9 said, this request is well outside the scope of this docket and would be better addressed in the  
10 generic interconnection docket that the Commission recently opened.

11 **O. PacifiCorp’s interconnection study modeling is reasonable and consistent with**  
12 **industry standards.**

13 The Interconnection Customer Coalition claim that PacifiCorp’s “flawed power flow  
14 analysis and discredited Business Practice 73 [] lead to the queue’s backlog.”<sup>105</sup> NewSun  
15 and OSEIA make similar claims.<sup>106</sup> This is entirely incorrect and irrelevant to whether the  
16 Company’s proposed reforms are reasonable.

17 First, the Interconnection Customers Coalition do not identify with specificity any  
18 real flaw in PacifiCorp’s modeling, offering only its general accusations that PacifiCorp does  
19 not appropriately model power flows off its system.<sup>107</sup> The Interconnection Customer  
20 Coalition’s premise is that the entire queue backlog would be solved if, when study area load  
21 has been exhausted in an interconnection study, PacifiCorp would just “model” the output of

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<sup>104</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 11.

<sup>105</sup> Joint Comments of Interconnection Customer Coalition at 7; Comments of Northwest and Intermountain Power Producer’s Coalition at 3.

<sup>106</sup> Joint Comments of NewSun Energy LLC and Oregon Solar Energy Industries Association at 4.

<sup>107</sup> Joint Comments of Interconnection Customer Coalition at 8.

1 a generator onto a neighboring system, without any evidence that the generator has a  
2 customer on a neighboring system or that there is load there to absorb the generation. The  
3 Interconnection Customer Coalition offers no guidance on how PacifiCorp should choose  
4 among PacifiCorp’s several neighboring utilities for exporting purposes, and it appears to  
5 suggest PacifiCorp should apply this study assumption even if the proposed interconnecting  
6 generator has made it clear it intends to serve load on PacifiCorp’s system. To assume the  
7 generation is exported would create a situation where PacifiCorp exports a reliability  
8 problem to a neighboring region.

9 Moreover, the OATT provides for studying the impacts of an interconnection on a  
10 neighboring system (called an “Affected System” under the OATT). Contrary to the claims  
11 asserted by NewSun and OSEIA, PacifiCorp uses WECC power flow base cases that include  
12 the full transmission topology of the Western Interconnection and identify power flow  
13 impacts on neighboring systems, not just the PacifiCorp system. When power flows affect  
14 one or more neighboring systems, those Affected Systems are notified by PacifiCorp and  
15 included in the interconnection study process. However, this process does not mean  
16 PacifiCorp has the unilateral ability to assume that the generator will be serving loads on a  
17 third-party system, nor does it obligate those Affected Systems to use the generator to serve  
18 loads on their system.

19 Second, PacifiCorp does not unreasonably ignore “known changes planned to load  
20 and generation” in its interconnection studies.<sup>108</sup> PacifiCorp uses standardized load forecasts  
21 and load as well as resource information provided by PacifiCorp’s network customers when  
22 conducting interconnection system impact studies. With respect to the specific NewSun and

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<sup>108</sup> Joint Comments of Interconnection Customer Coalition at 8.

1 OSEIA example of new data center load, while PacifiCorp’s transmission function cannot speak  
2 to the precise metrics its network customers may apply in determining when to designate a new  
3 network load under the OATT, FERC’s requirement that load be “verifiable” before such a  
4 network service request is submitted<sup>109</sup> suggests that the electric service arrangements associated  
5 with a new data center would need to be further along than the speculative “proposed load” stage  
6 described by NewSun and OSIEA.

7 Third, the fact that an interconnection study must match generation and load (i.e.,  
8 balance the system) does not mean that the Company is requiring deliverability to a specific  
9 load as a condition of interconnection.<sup>110</sup> When load exceeds generation, the system is  
10 unstable, which creates potential reliability issues. That is why the interconnection study  
11 power flows are problematic when generation exceeds load. But this not simply a matter of  
12 the “model”; actual operations require the Company to balance load and generation within its  
13 Balancing Areas and, in actual operations, PacifiCorp cannot achieve this balance simply by  
14 exporting excess generation elsewhere.

15 Fourth, PacifiCorp Business Practice 73 provided interconnection customers with  
16 additional detail regarding how and when non-viable interconnection requests might arise,  
17 how PacifiCorp will inform customers when that occurs, and the next steps. As a general  
18 matter, the prospect of nonviable conditions is a direct consequence of the amount of  
19 generation in the serial queue that vastly overwhelms the amount of load in the study area. In  
20 other words, Business Practice 73 was implemented in response to the serial queue backlog

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<sup>109</sup> Under section 31.2 of the PacifiCorp OATT, the designation of new Network Load “must be made through a modification of service pursuant to a new Application.” New network loads must be based on “reasonably forecasted and verifiable native and network load growth.” *Preventing Undue Discrimination and Preference in Transmission Service*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,603, 115 FERC ¶ 61,211, at P 358 (2006).

<sup>110</sup> Joint Comments of Interconnection Customer Coalition at 8.

1 and excessive generation in the queue and was not its cause. Indeed, Business Practice 73  
2 was not implemented until June 2019, at which point the backlog already existed.

3 Moreover, the Company has never actually relied in Business Practice 73 to issue a  
4 non-viable interconnection study report. In recent years, PacifiCorp’s attention has been  
5 necessarily focused on issuing numerous restudies of Oregon interconnection customers due  
6 to changing circumstances associated with higher queued projects. The fact that PacifiCorp  
7 has had limited opportunities to study new requests in Oregon is therefore a consequence of  
8 the serial queue process and not Business Practice 73.

9 As the Interconnection Customers Coalition points out, PacifiCorp has now  
10 withdrawn Business Practice 73, but not because it was “discredited.” Rather, as PacifiCorp  
11 explained to FERC, Business Practice 73 was necessary because of the queue backlog. Now  
12 that queue reform has been approved and the backlog is expected to be cleared, the business  
13 practice is no longer necessary.

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### III. CONCLUSION

PacifiCorp appreciates the opportunity to file these reply comments and recommends that the Commission approve the Company’s proposal to revise its interconnection study process. PacifiCorp’s proposal will create a more efficient and fairer interconnection process for Oregon QFs.

Respectfully submitted this 24<sup>th</sup> day of July, 2020.

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2108**

**PACIFICORP**

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**Attachment 1 to  
PacifiCorp's Reply Comments**

PacifiCorp's Application for an Order Approving Queue Reform Proposal

**July 24, 2020**

## OAR 860-082-0060 Tier 4 Interconnection Review

(1) A public utility must use the Tier 4 interconnection review procedures for an application to interconnect a small generator facility that meets the following requirements:

(a) The small generator facility does not qualify for or failed to meet the Tier 1, Tier 2, or Tier 3 interconnection review requirements; and

(b) The small generator facility must have a nameplate capacity of 10 megawatts or less.

(2) A public utility must approve an application to interconnect a small generator facility under the Tier 4 interconnection review procedures if the public utility determines that the safety and reliability of the public utility's transmission or distribution system will not be compromised by interconnecting the small generator facility. The applicant must pay the reasonable costs of any interconnection facilities or system upgrades necessitated by the interconnection.

~~(3) In addition to the timelines and requirements in OAR 860-082-0025, the timelines and requirements in sections (5) through (12) of this rule apply to Tier 4 interconnection reviews.~~

~~(4) A public utility and an applicant may agree to waive the requirement for a scoping meeting, the feasibility study, the system impact study, or the facilities study.~~

~~(5) If requested, Aa public utility must schedule a scoping meeting within 10-15 business days after the close of the Cluster Request Window notifying an applicant that its application is complete.~~

(a) The public utility and the applicant must bring to the scoping meeting all personnel, including system engineers, as may be reasonably required to accomplish the purpose of the meeting.

~~(b) The public utility and applicant must discuss whether the public utility should perform a feasibility study or proceed directly to a system impact study, a facilities study, or an interconnection agreement.~~

~~(c) If the public utility determines that no studies are necessary, then the public utility must approve the application within 15 business days of the scoping meeting if:~~

~~(A) The application meets the criteria in section (2); and~~

~~(B) The interconnection of the small generator facility does not require system upgrades or interconnection facilities different from or in addition to the applicant's proposed interconnection equipment.~~

~~(d) If the public utility determines that no studies are necessary and that the small generator facility could be interconnected safely if minor modifications to the transmission or distribution system were made (for example, changing meters, fuses, or relay settings), then the public utility must offer the applicant a good faith, non-binding estimate of the costs of such proposed minor~~

~~modifications. Modifications are not considered minor under this subsection if the total cost of the modifications exceeds \$10,000. If the applicant authorizes the public utility to proceed with the minor modifications and agrees to pay the entire cost of the modifications, then the public utility must approve the application within 15 business days of receipt of the applicant's agreement to pay for the minor modifications.~~

~~(6) If a public utility reasonably concludes that an adequate evaluation of an application requires a feasibility study, then the public utility must provide the applicant with an executable feasibility study agreement within five business days of the date of the scoping meeting.~~

~~(a) The feasibility study agreement must include a detailed scope for the feasibility study, a reasonable schedule for completion of the study, and a good faith, non-binding estimate of the costs to perform the study.~~

~~(b) The feasibility study agreement must follow the standard form agreement developed by the public utility and approved by the Commission.~~

~~(c) The applicant must execute the feasibility study agreement within 15 business days of receipt of the agreement or the application is deemed withdrawn.~~

~~(d) The public utility must make reasonable, good faith efforts to follow the schedule set forth in the feasibility study agreement for completion of the study.~~

~~(e) The feasibility study must identify any potential adverse system impacts on the public utility's transmission or distribution system or an affected system that may result from the interconnection of the small generator facility. In determining possible adverse system impacts, the public utility must consider the aggregated nameplate capacity of all generating facilities that, on the date the feasibility study begins, are directly interconnected to the public utility's transmission or distribution system, have a pending completed application to interconnect with a higher queue position, or have an executed interconnection agreement with the public utility.~~

~~(f) The public utility must evaluate multiple potential points of interconnection at the applicant's request. The applicant must pay the costs of this additional evaluation.~~

~~(g) The public utility must provide a copy of the feasibility study to the applicant within five business days of the study's completion.~~

~~(h) If the feasibility study identifies any potential adverse system impacts, then the public utility must perform a system impact study.~~

~~(i) If the feasibility study does not identify any adverse system impacts, then the public utility must perform a facilities study if the public utility reasonably concludes that a facilities study is necessary to adequately evaluate the application.~~

~~(A) If the public utility concludes that a facilities study is not required, then the public utility must approve the application with 15 business days of completion of the feasibility study if the~~

~~application meets the criteria in section (2) and the interconnection of the small generator facility does not require system upgrades or interconnection facilities different from or in addition to the applicant's proposed interconnection equipment.~~

~~(B) If the public utility concludes that a facilities study is not required and that the small generator facility could be interconnected safely if minor modifications to the transmission or distribution system were made (for example, changing meters, fuses, or relay settings), then the public utility must offer the applicant a good faith, non-binding estimate of the costs of such proposed minor modifications. Modifications are not considered minor under this subsection if the total cost of the modifications exceeds \$10,000. If the applicant authorizes the public utility to proceed with the minor modifications and agrees to pay the entire cost of the modifications, then the public utility must approve the application within 15 business days of receipt of the applicant's agreement to pay for the minor modifications.~~

~~(7) If a public utility is required to perform a system impact study under subsection (6)(h), or if an applicant and a public utility agree in the scoping meeting to waive the feasibility study and proceed directly to the system impact study, then the public utility must provide the applicant with an executable system impact study agreement within five business days of completing the feasibility study or from the date of the scoping meeting, whichever is applicable.~~

~~(a) The system impact study agreement must include a detailed scope for the system impact study, a reasonable schedule for completion of the study, and a good faith, non-binding estimate of the costs to perform the study.~~

~~(b) The system impact study agreement must follow the standard form agreement developed by the public utility and approved by the Commission.~~

~~(c) The applicant must execute the system impact study agreement within 15 business days of receipt of the agreement or the application is deemed withdrawn.~~

~~(d) The public utility must make reasonable, good faith efforts to follow the schedule set forth in the system impact study agreement for completion of the study.~~

~~(e) The system impact study must identify and detail the impacts on the public utility's transmission or distribution system or on an affected system that would result from the interconnection of the small generator facility if no modifications to the small generator facility or system upgrades were made. The system impact study must include evaluation of the adverse system impacts identified in the feasibility study and in the scoping meeting.~~

~~(f) In determining possible adverse system impacts, the public utility must consider the aggregated nameplate capacity of all generating facilities that, on the date the system impact study begins, are directly interconnected to the public utility's transmission or distribution system, have a pending completed application to interconnect with a higher queue position, or have an executed interconnection agreement with the public utility.~~

~~(g) The system impact study must include:~~

~~(A) A short circuit analysis;~~

~~(B) A stability analysis;~~

~~(C) A power flow analysis;~~

~~(D) Voltage drop and flicker studies;~~

~~(E) Protection and set point coordination studies;~~

~~(F) Grounding reviews;~~

~~(G) The underlying assumptions of the study;~~

~~(H) The results of the analyses; and~~

~~(I) Any potential impediments to providing the requested interconnection service.~~

(h) If an applicant provides an independent system impact study to the public utility, then the public utility must evaluate and address any alternative findings from that study.

~~(i) The public utility must provide a copy of the system impact study to the applicant within five business days of completing the study.~~

(j) If a public utility determines in a system impact cluster study that interconnection facilities or system upgrades are necessary to safely interconnect a small generator facility, then the public utility must perform a facilities study.

(k) If the public utility determines that no interconnection facilities or system upgrades are required, and the public utility concludes that the application meets the criteria in section (2), then the public utility must approve the application with 15 business days of completion of the system impact study.

(l) If the public utility determines that no interconnection facilities or system upgrades are required and that the small generator facility could be interconnected safely if minor modifications to the transmission or distribution system were made (for example, changing meters, fuses, or relay settings), then the public utility must offer the applicant a good-faith, non-binding estimate of the costs of such proposed minor modifications. Modifications are not considered minor under this subsection if the total cost of the modifications exceeds \$10,000. If the applicant authorizes the public utility to proceed with the minor modifications and agrees to pay the entire cost of the modifications, then the public utility must approve the application within 15 business days of the applicant's agreement to pay for the minor modifications.

(8) If a public utility is required to perform a facilities study under subsection ~~(6)(i) or~~ 7(j), ~~or if an applicant and a public utility agree in the scoping meeting to waive the system impact study and proceed directly to the facilities study,~~ then the public utility must provide the applicant with

an executable facilities study agreement within five business days of completing the ~~system impact cluster~~ study ~~or within five business days from the date of the scoping meeting, whichever is applicable.~~

(a) The facilities study agreement must include a detailed scope for the facilities study, a reasonable schedule for completion of the study, and a good-faith, non-binding estimate of the costs to perform the study.

(b) The facilities study agreement must follow the standard form agreement developed by the public utility and approved by the Commission.

(c) The applicant must execute the interconnection facilities study agreement within ~~15~~ business 30 days after receipt of the agreement or the application is deemed withdrawn.

(d) The public utility must make reasonable, good-faith efforts to follow the schedule set forth in the facilities study agreement for completion of the study.

(e) The facilities study must identify the interconnection facilities and system upgrades required to safely interconnect the small generator facility and must determine the costs for the facilities and upgrades, including equipment, engineering, procurement, and construction costs. Design for any required interconnection facilities or system upgrades must be performed under the facilities study agreement. The public utility must also identify the electrical switching configuration of the equipment, including transformer, switchgear, meters, and other station equipment.

(f) The public utility may contract with a third-party consultant to complete the interconnection facilities and system upgrades identified in the facilities study. A public utility and an applicant may agree in writing to allow the applicant to hire a third-party consultant to complete the interconnection facilities and system upgrades, subject to public utility oversight and approval.

(g) The interconnection facilities study must include a detailed estimate of the time required to procure, construct, and install the required interconnection facilities and system upgrades.

(h) If the applicant agrees to pay for the interconnection facilities and system upgrades identified in the facilities study, then the public utility must approve the application within 15 business days of the applicant's agreement.

(9) The public utility may contract with a third-party consultant to complete ~~a feasibility study, system impact study, or cluster study or~~ facilities study. A public utility and an applicant may agree in writing to allow the applicant to hire a third-party consultant to complete a feasibility study, system impact study, or facilities study, subject to public utility oversight and approval.

(10) The interconnection process is not complete until:

(a) The public utility approves the application;

(b) Any interconnection facilities or system upgrades have been completed;

(c) Any minor modifications to the public utility's transmission or distribution system required ~~under subsections (5)(d), 6(i)(B), or (7)(1)~~ have been completed;

(d) The witness test, if conducted by the public utility, is successful; and

(e) The applicant and public utility execute a certificate of completion.

(11) If a small generator facility is not approved under the Tier 4 interconnection review procedures, then the public utility must provide a written explanation of the denial to the applicant.