

**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.

JOINT COMMENTS OF THE  
RENEWABLE ENERGY COALITION,  
COMMUNITY RENEWABLE ENERGY  
ASSOCIATION, NORTHWEST &  
INTERMOUNTAIN POWER  
PRODUCERS COALITION, AND  
OREGON SOLAR ENERGY  
INDUSTRIES ASSOCIATION

**I. INTRODUCTION**

The Renewable Energy Coalition (the “Coalition”), the Community Renewable Energy Association (“CREA”), the Northwest & Intermountain Power Producers Coalition (“NIPPC”), and the Oregon Solar Energy Industries Association (“OSEIA”) (jointly, the “Interconnection Customer Coalition”) respectfully submit these Comments in response to PacifiCorp’s Reply Comments filed on July 24, 2020 and the Staff Report filed on August 5, 2020. These Comments answer the arguments PacifiCorp and Staff made regarding the issues of highest importance to the Interconnection Customer Coalition. PacifiCorp’s Reply Comments did not make the vast majority of the requested changes, and it simply ignored others. Staff largely supports PacifiCorp. Only a strong order from the Oregon Public Utility Commission (the “Commission”) will prompt PacifiCorp to change its approach and engage with the stakeholders to make meaningful changes to its Oregon Queue Reform Proposal (“QRP”).

PacifiCorp’s QRP substantially changes the framework in Oregon upon which interconnection customers make investment decisions, and in this respect, the Commission should very carefully consider the interests of PacifiCorp’s interconnection customers and the

Commission’s responsibility to oversee and regulate PacifiCorp. The Interconnection Customer Coalition understands that PacifiCorp is moving forward with its QRP and the Cluster Study for all Federal Energy Regulatory Commission (“FERC”) jurisdictional interconnections. However, major issues still remain with the QRP as it applies here in Oregon.

The Interconnection Customer Coalition supports PacifiCorp moving forward with the Cluster Study for Oregon jurisdictional interconnections on an interim basis, but only subject to the extensive revisions proposed in these Comments. These revisions do not address all the issues associated with the QRP for state jurisdictional interconnections, and the Interconnection Customer Coalition maintains that the Commission should also delay final approval of PacifiCorp’s QRP while it investigates the issues discussed below in these Comments and in the prior Comments by all interested stakeholders.

Finally, the Interconnection Customer Coalition asks that the Commission make clear that any decision on PacifiCorp’s QRP, whether on an interim or final basis, is not controlling or prejudicial in other pending interconnection-related dockets. While PacifiCorp may be forcing a quick response in this case, the limited timeframe for a decision should not undermine the Commission’s deliberations in broad, generic interconnection-related proceedings.

## II. COMMENTS

### A. PacifiCorp’s Oregon Jurisdictional QRP Was Not Adequately Vetted

**PacifiCorp:** In PacifiCorp’s Reply Comments, it asserted that its QRP was fully vetted because it engaged in a six-month stakeholder process with Oregon-based stakeholders, as well as in the FERC process to approve its QRP.<sup>1</sup>

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<sup>1</sup> PacifiCorp’s Reply Comments at 2, 12-15.

**Response:** Concerning the vetting procedures taken thus far, FERC specifically decided not to address certain QFs’ concerns during the federal approval process, instead deciding to leave those issues for the states to deliberate.<sup>2</sup> Moreover, the Oregon stakeholders involved in the FERC process were only briefed on potential federal compliance issues. State issues, especially as they related to Oregon, were generally not discussed. Therefore, it is misleading for PacifiCorp to suggest its QRP was fully vetted during the FERC process.

The time spent on PacifiCorp’s FERC queue reform process does not relate to whether it is consistent with Oregon’s interconnection policies and rules, which significantly deviate from FERC’s. For example, Oregon’s rules provide interconnection customers<sup>3</sup> with different legal rights and obligations. As a result, a change that may make perfect sense for a FERC-jurisdictional interconnection may have a different practical result when applied to Oregon’s unique rules and policies.

Other than the commercial readiness issue, the Interconnection Customer Coalition is unaware of PacifiCorp spending any time addressing Oregon’s unique rules and policies while preparing its Cluster Study approach until it submitted its Reply Comments on July 24, 2020. Oregon also has decades of Public Utility Regulatory Policies Act (“PURPA”) rules and policies, all based upon the assumption of a Serial Queue interconnection. The Interconnection Customer Coalition disagrees with Staff that the potential benefits of queue reform outweigh the importance of stakeholder engagement.<sup>4</sup> Regardless of how meritorious a Cluster Study

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<sup>2</sup> *Id.* at 48-49.

<sup>3</sup> In these comments, unless otherwise noted, “interconnection customer” refers to a customer whose interconnection is under state jurisdiction rather than under FERC jurisdiction.

<sup>4</sup> Staff Report at 26-27.

approach is, switching from a Serial Queue to a Cluster Study raises numerous questions and has a large number of harmful impacts on qualifying facilities (“QFs”). PacifiCorp filed its QRP without reaching out to stakeholders or addressing basic and fundamental questions. In the end, substantive issues with PacifiCorp’s QRP remain unresolved, and an effective stakeholder vetting is measured in part by the resolution of substantive issues, not by the amount of time dedicated to procedures that do not apply to Oregon.

To briefly describe some of those substantive issues, first, PacifiCorp has not explained how its QRP will impact state jurisdictional QFs, especially existing projects, even though the QRP requests a waiver from a large portion of Oregon’s small generator interconnection rules.<sup>5</sup> Second, PacifiCorp has not adequately explained why it cannot exempt small QFs from cluster studies, similar to how the Community Solar Projects (“CSPs”) and net metering projects are exempt.<sup>6</sup> Third, PacifiCorp has not justified classifying FERC jurisdictional interconnection customers one way (paying small generator interconnection fees if generating under 20 MW), while classifying state jurisdictional QFs in another, potentially detrimental way (paying large generator interconnection charges if generating under 20 MW but over 10 MW).<sup>7</sup> Fourth, PacifiCorp has not addressed how Oregon interconnection customers will retain their current rights not to pay for interconnection costs that were not caused by them; how they will be able to obtain refunds for network upgrades that provide system-wide benefits; nor how they will be able to perform and have PacifiCorp review independent system impact studies. Fifth, PacifiCorp never addressed stakeholders concerns regarding its power flow analysis.<sup>8</sup> Sixth,

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<sup>5</sup> Interconnection Coalition Customer Comments at 18-20.

<sup>6</sup> *Id.* at 18-20.

<sup>7</sup> *Id.* at 9-10.

<sup>8</sup> *Id.* at 7-9.

PacifiCorp and Staff have reached the conclusion that restricting QFs to a limited opportunity to enter into contracts while rates drop multiple times and existing QFs may need to shut down their operations is acceptable. These Comments address several other outstanding concerns in addition to these unresolved substantive issues with the QRP.

**Proposed Solution:** Approve the QRP subject to *all* revisions in these comments and require a full investigation in this proceeding or Docket No. UM 2111 with discovery rights.

**B. PacifiCorp’s Reply Comments Regarding the QRP’s Effect on Existing QFs Did Nothing to Ease the Coalition’s Concerns**

**PacifiCorp:** “PacifiCorp’s proposal does not change how it addresses existing QFs needing to replace an expiring interconnection agreement.”<sup>9</sup>

**Response:** PacifiCorp has not addressed the concerns raised in prior comments.<sup>10</sup> As explained previously, moving from a Serial Queue to a Cluster Study will have different impacts upon an existing project because they are already operating on the system, so they have power purchase agreements (“PPAs”) that may expire while waiting for Cluster Study results.<sup>11</sup> The extent of the impact on existing customers is unknown, and interested stakeholders are still learning new information about how the QRP might harm existing projects. One example is the comments that have been filed by the Lacombe Irrigation District, which establish that there are serious unresolved questions.<sup>12</sup> The Lacombe Irrigation District, an existing QF, is at risk of being unable to renew its interconnection agreement before the agreement expires, due to changes in PacifiCorp’s QRP.<sup>13</sup> The Interconnection Customer Coalition is concerned that other

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<sup>9</sup> PacifiCorp’s Reply Comments at 37.

<sup>10</sup> Interconnection Customer Coalition Comments at 9-10.

<sup>11</sup> *Id.* at 45-46.

<sup>12</sup> Lacombe Irrigation District’s Comments at 1-5 (Aug. 7, 2020).

<sup>13</sup> *Id.*

existing projects may be in even more precarious situations. The Commission must ensure that these small and operating projects are protected.

**Proposed Solution:** As explained in prior comments, existing QFs should be:

1. Able to choose whether they participate in a Serial or Cluster study;
2. Exempt from the Cluster Study and any higher study or interconnection costs than under the current rules if they do not increase their size; and
3. Able to enter into new PPAs prior completing an interconnection study.

The Interconnection Customer Coalition will propose additional, longer-term fixes, but the above constitutes the minimal solution at this time. While the Interconnection Customer Coalition disagrees that Staff's recommendation is sufficient to address the concerns for existing interconnection customers, the Commission should adopt Staff's recommendation to require that PacifiCorp clarify that a renewing generator with a material modification will be studied for only the incremental capacity upon its application for renewal.<sup>14</sup>

**C. The Benefits a QF May Receive from PacifiCorp's QRP Will Result Regardless of Whether PacifiCorp Exempts QFs, and PacifiCorp's Statements Ignore the Negative Impacts Associated with Not Exempting QFs**

**PacifiCorp:** The QRP will help QFs because cluster studies will accelerate the interconnection process and clear the queue.<sup>15</sup>

**Response:** This may be correct with respect to accelerating the interconnection process, but PacifiCorp will move forward with its Cluster Study for FERC interconnections regardless of what the Commission decides, and the "queue clearing" benefits cited in PacifiCorp's Reply Comments will occur regardless of whether QFs are exempt from the new QRP. The queue will indeed clear under the QRP, which will solve interconnection issues for

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<sup>14</sup> Staff Report at 28.

<sup>15</sup> PacifiCorp's Reply Comments at 2-3.

some, but the real issues ignored are the negative impacts associated with not exempting QFs. The Interconnection Customer Coalition raised these issues regarding what to do about Oregon QFs, which are small in size, number, and impact compared to all other interconnection customers.<sup>16</sup>

As PacifiCorp specifically stated in its Reply Comments, the QRP aims to “remove... the economic value associated with queue position.”<sup>17</sup> During any transitional period, Oregon QFs should retain their economic value associated with their queue position. This can easily be accomplished without harming the FERC QRP.

The specific value of a serial queue position is that when there is space on the transmission system to accommodate an interconnection request without making network upgrades, a small Oregon QF can benefit from being in a higher queue position. By removing the Serial Queue, these small QFs will no longer be able to take advantage of any extra space on the system. Instead, they must now wait until the next Cluster Study, where they will potentially contribute to large network upgrade costs that they would not have incurred in the Serial Queue.<sup>18</sup> The Commission has the power here to require that PacifiCorp establish a process that is workable for Oregon QFs and that does not unreasonably undercut the rights of Interconnection Customers, regardless of what FERC has or has not approved for FERC-jurisdictional interconnections.

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<sup>16</sup> See Staff Report at 11-12 (“Adopting PAC’s queue reform will immediately impact 17 existing generators 10 MW and under in Oregon, totaling 42 MW. In total, these Oregon-jurisdictional Small Generators represent one tenth of one percent of PAC’s active interconnection requests on a MW basis.”).

<sup>17</sup> PacifiCorp’s Reply Comments at 3.

<sup>18</sup> Interconnection Customer Coalition Comments at 34-35.

**Proposed Solution:** Allow the first Cluster Study to move forward for FERC jurisdictional interconnections, but allow interconnection customers with pending interconnection requests (as of the Commission’s QRP approval) the choice to either proceed in the Serial Queue or join a Cluster Study.<sup>19</sup> This solution is consistent with the Commission’s decision to adopt the small generator interconnection rules, which provide that small interconnection customers do not pay for any of the costs caused by other interconnection customers.<sup>20</sup> It would also give the Commission more time to ensure that the new Cluster Study and PURPA contracting process would not negatively impact QFs, which will align with the purpose of Oregon’s PURPA statute.<sup>21</sup>

**D. A Once-per-year Cluster Study is Significantly Different Than the Current Method, Where Customers Can Obtain an Interconnection Study at Any Time**

**PacifiCorp:** “Continuing serial queue processing will disadvantage Oregon QFs.”<sup>22</sup>

PacifiCorp also argues that running Cluster and Serial studies simultaneously will violate its Open Access Transmission Tariff (“OATT”).<sup>23</sup> In its reasoning, PacifiCorp explains that its OATT requires it to start the Cluster Study process on April 1 of each year. Therefore, if Oregon QFs were studied serially at all, they could only be studied once-per-year, in between each Cluster Study.<sup>24</sup> As a result, QFs will be harmed by a once-per-year study process that would only process Oregon interconnections between Cluster Studies.

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<sup>19</sup> *Id.* at 23.

<sup>20</sup> *Id.*

<sup>21</sup> ORS 758.515(3)(b) (“It is, therefore, the policy of the State of Oregon to . . . Create a settled and uniform institutional climate for the qualifying facilities in Oregon.”).

<sup>22</sup> PacifiCorp’s Reply Comments at 4.

<sup>23</sup> *Id.* at 5.

<sup>24</sup> *Id.* at 5-8.



**Response:** The Interconnection Customer Coalition recognizes that PacifiCorp has put the Commission and Oregon QFs in a difficult position and disagrees that PacifiCorp can effectively “sideline”<sup>25</sup> Oregon QFs not processed under a QRP that exactly mirrors its OATT. The Commission is being asked by PacifiCorp to waive Oregon law because PacifiCorp drafted a QRP that, according to PacifiCorp, makes it impossible to comply with state law. But there are other Cluster Study approaches that align with PacifiCorp’s OATT and Oregon’s PURPA obligations, which mandate fostering QF development. PacifiCorp’s “one size fits all” solution may not be appropriate for a state with different interconnection and PURPA rules and policies.

The Interconnection Customer Coalition agrees with PacifiCorp in that requiring a QF to have only one study per year is harmful. A once-per-year study removes a significant benefit under the Serial Queue approach, allowing QFs to make an interconnection request at any time of the year.<sup>26</sup> However, the Commission should note that PacifiCorp’s proposed Cluster Study will also only occur once per year, which could result in smaller QFs paying significantly higher fees.

**Proposed Solution:** The choice is not between only an annual Cluster Study or an annual Serial Queue between Cluster Studies. FERC has previously approved semiannual studies in other queue reform applications.<sup>27</sup> At a minimum, the Commission should give Oregon QFs the option to participate in a modified Cluster Study or continue under a Serial Queue process. This will provide QFs with at least two annual options. In addition, QFs with

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<sup>25</sup> *Id.* at 25.

<sup>26</sup> Interconnection Customer Coalition Comments at 41-42.

<sup>27</sup> *PacifiCorp submits tariff filing per 35.13(a)(2)(iii): OATT Queue Reform*, Docket No. ER 20-924-000, PacifiCorp Transmittal Letter at 23 (Feb. 21 2020); *see also Pub. Serv. Co. of N.M.*, 136 FERC ¶ 61, 231 (2011); *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182 (2019).

pending interconnection applications should retain the right to be processed under a Serial Queue.

**E. PacifiCorp Can Study Small QFs in a Serial Queue Study Without Violating its OATT**

**PacifiCorp:** 1) The QRP reasonably allows for late-stage projects to conclude serial studies, and 2) “[a] transition Cluster Study cannot assume that [an] interconnection request is in-service because PacifiCorp will not know what is required to interconnect that request. This means PacifiCorp either must process the Oregon QF first and delay the transition Cluster Study, (thereby violating its OATT) or complete the transition 1 Cluster Study and then turn to the Oregon QF,”<sup>28</sup> which will cause substantial delays for the QF.

**Response 1:** Under the QRP, QFs with a Facilities Study or unexecuted interconnection agreement as of April 1, 2020 can choose whether they want to participate in the first Cluster Study or finish the Serial Queue process, as long as they choose by the cut-off date, August 15, 2020.<sup>29</sup> This cut-off date is problematic because there are several customers with pending applications that may be unaware of or only now learning about this issue.<sup>30</sup> They may wish not to participate in the Cluster Study.<sup>31</sup> However, they will have very little time after the Commission public meeting on this docket (scheduled for August 11, 2020, with possible carry over to August 12th) to make the cut-off date to choose based on a date that PacifiCorp unilaterally selected.

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<sup>28</sup> PacifiCorp’s Reply Comments at 9.

<sup>29</sup> PacifiCorp Application at Attachment B §1.2.1.

<sup>30</sup> *E.g.*, Energy of Utah Comments at 1 (Aug. 6, 2020) (explaining PacifiCorp never notified it, a pending interconnection applicant, about the QRP despite ongoing email communications about the project’s interconnection).

<sup>31</sup> Interconnection Customer Coalition Comments at 20-22.

PacifiCorp asserts that these customers had notice because the transition information was posted on their OASIS website,<sup>32</sup> but such a large change to the interconnection process has never happened before, and the gravity of the changes should require actual notice. Furthermore, if PacifiCorp contends that only four interconnection customers would have been affected,<sup>33</sup> it would not have been hard to reach out to customers individually to provide more pointed notice of the proposed changes.

In addition, PacifiCorp has never provided any data or explanation as to why the proposed cut-off dates are necessary or reasonable.<sup>34</sup> Again, though PacifiCorp argues that “many Oregon stakeholders participated” in the FERC approval process, that process simply did not discuss this issue, or any issues related to this QRP’s effect on state QFs.<sup>35</sup>

**Response 2:** PacifiCorp’s worries regarding holdover Serial Queue customers delaying cluster studies and violating its OATT are unwarranted. The question is not whether “late stage” customers can maintain their Serial Queue position or choose to participate in a Cluster Study. Even under PacifiCorp’s approach, “late stage” QFs with Facilities Studies, draft interconnection agreements (“IAs”), and IA will maintain their Serial Queue position.

The only question is where to draw that line where customers will lose their Serial Queue rights. When making this decision, it is important to strike the appropriate balance between the rights and expectations of QFs with interconnection applications against any potential harm

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<sup>32</sup> PacifiCorp Compliance Filing (June 26, 2020), available at <http://www.oasis.oati.com/ppw/index.html>.

<sup>33</sup> PacifiCorp’s Reply Comments at 24. The Interconnection Customer Coalition has not independently confirmed the accuracy of this number but believes that the true number of affected customers may be somewhat greater. For example, Lcomb Irrigation District does not appear to be included in PacifiCorp’s four interconnection customers.

<sup>34</sup> Interconnection Customer Coalition Comments at 21 n.43.

<sup>35</sup> PacifiCorp’s Reply Comments at 24.

caused by the very small number of QFs with applications, which should not significantly affect the upcoming Cluster Study. The Commission should also consider that PacifiCorp could have proactively addressed this issue by reaching out to interconnection customers with pending applications.

**Proposed Solution:** All Oregon interconnection customers who have submitted an interconnection application by the Commission’s order should have the option to maintain their Serial Queue position ahead of the first Cluster Study, and, consistent with Staff’s recommendation, the deadline to elect Cluster Study should be extended from August 15, 2020 to September 15, 2020, with a specific communication sent to all affected Interconnection Customers by August 20, 2020.<sup>36</sup> In addition, PacifiCorp should be required to specifically inform every interconnection customer of its right to choose which option they prefer.

**F. Despite Any Differences Noted by PacifiCorp, Many Small QFs Are Technically Similar to CSP Projects, and an Exemption Policy Like the CSP’s Could Work for Small QFs**

**PacifiCorp:** The CSP interconnection Serial Queue is irrelevant to non-CSP projects. PacifiCorp asserts that “unique statutory provisions, Commission precedent, processing rules, ... specific screening criteria, ... [and] a size cap” allow CSP and metering projects to be studied differently from other QFs because they will have limited impacts on PacifiCorp’s system.<sup>37</sup>

**Response:** PacifiCorp correctly highlights the legal differences between QFs and CSP projects, but none of those differences change the electrical output similarities between these two types of projects. The Reply Comments do not address the fact that many small QFs have the same electrical impacts to the system as CSP projects (i.e., they could meet the same screening

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<sup>36</sup> Staff Report at 20.

<sup>37</sup> PacifiCorp’s Reply Comments at 11.

criteria and size cap, etc.), and PacifiCorp has not provided any explanation as to why the two generators with the exact same electrical output should be treated differently in that respect.

**Proposed Solution:** All QFs of any technology type that meet the CSP specific screening criteria, including a size cap, should be allowed to choose between joining a Cluster Study or Serial Queue Study.

**G. PacifiCorp Could Study Tier 4 Similarly to Tier 1-3 Interconnection Customers**

**PacifiCorp:** “Tiers 1, 2, and 3 are exempt because [those] projects ... are subject to strict screening criteria intended to determine that the output of those generators are either unlikely to flow back onto PacifiCorp’s system or require no upgrades to PacifiCorp’s system, which is why their interconnection study process is different.”<sup>38</sup>

**Response:** PacifiCorp is correct in that Tiers 1-3 are studied differently, and they should be exempt from Cluster Studies. PacifiCorp has also stated that Tier 4 generators impact broader distribution, and potentially the transmission system, so the generators require a more robust interconnection study process.<sup>39</sup> However, PacifiCorp has not provided an electrically relevant demarcation line to justify why all Tier 4 interconnections should be included in a Cluster Study, especially when some small QFs provide just as much or less than the amount of output allowed in the CSP, which PacifiCorp has explained does not affect the system.

**Proposed Solution:** All Tier 4 QFs that meet specific screening criteria and a size cap should be allowed to choose between joining a Cluster Study or Serial Queue Study.

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<sup>38</sup> *Id.* at 10-11.

<sup>39</sup> *Id.* at 11.

## H. The QRP Will Restrict the Timing of Interconnection Studies and PURPA Contracting

**PacifiCorp:** First, “Queue reform will provide greater certainty on the timing of interconnection studies.”<sup>40</sup> Second, “[q]ueue reform does not require any changes to standard QF PPAs or contracting practices.”<sup>41</sup>

**Response 1:** First, PacifiCorp is correct: there will be greater certainty on the timing, but this likely means that there will now be a greater certainty of harm because the proposed timing is much longer than the current approach. While the QRP will allow interconnection customers to request an informational interconnection study at any time, they will only obtain a Cluster Study once per year. This means that interconnection customers will have a very short window one time a year obtain to a PPA, during which avoided cost prices may drop several times.<sup>42</sup>

This “greater certainty” is a change that will preclude customers from obtaining a PPA during most of the year. This contrasts starkly with the current system where a customer can make an interconnection request and obtain a PPA at any time. PacifiCorp’s approach also forces QFs to shoulder significant new risks if they miss the Cluster Study window or the Cluster Study takes longer than expected.<sup>43</sup>

**Response 2:** To the second point, the drastic increase in time for the contracting process, described above, does materially affect PPA contracting practices.<sup>44</sup> While the Interconnection Customer Coalition does not agree with PacifiCorp’s statement that its current

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<sup>40</sup> *Id.* at 15-17.

<sup>41</sup> *Id.* at 46-47.

<sup>42</sup> Interconnection Customer Coalition Comments at 31.

<sup>43</sup> *Id.* at 40-41.

<sup>44</sup> *Id.* at 31.

practice of verifying that the QF's stated commercial operation date ("COD") is lawful or reasonable,<sup>45</sup> the Coalition hopes that PacifiCorp would agree that under the current Serial Queue process a QF could obtain a contract in a matter of months. PacifiCorp's shift to an annual Cluster Study approach under its QRP causes PacifiCorp's existing "due diligence" process to ultimately put Oregon QFs in a worse off position during the PPA contracting process where they may wait up to a year and a half rather than a few months to obtain a PPA.

**Proposed Solution:** QFs should be able to obtain a PPA at any time, with: 1) the ability to update the CODs after receiving the results of the Cluster (or System Impact) study; and 2) to terminate their PPA if interconnection cost estimates exceed amounts identified in an Informational Study, similar to how PacifiCorp treats QFs in load pockets.

**I. The QRP's Per Capita Allocation of Network Upgrade Costs Is Not Supported by Data**

**PacifiCorp:** "Per capita allocation of station equipment network upgrade costs is reasonable."<sup>46</sup>

**Response:** In its Reply Comments, PacifiCorp provides no data to support its factual claims and no historical information. If PacifiCorp's assertion is true, then it should be able to provide supportive data.

PacifiCorp is correct regarding the example of cost-sharing between a 500 MW and 3 MW generator. In that scenario, a small QF would not face the extensive costs because PacifiCorp's QRP created a protection where projects in a cluster do not contribute to network

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<sup>45</sup> PacifiCorp's Reply Comments at 46.

<sup>46</sup> *Id.* at 17.

upgrade costs identified in the Cluster Study if their total capacity in the cluster is 1% or less (i.e. a 1% cost floor).<sup>47</sup>

However, if the equation is even slightly changed, the per capita allocation becomes unreasonable. As an example, under PacifiCorp's QRP, a 3 MW and 250 MW generator would pay the same costs under the per capita even though the 3 MW generator is only responsible for 1.2% of the power transferred at the interconnection point. This arrangement is inherently unfair.

**Solution:** All costs should be pro rata.

**J. PacifiCorp's Proposed 1% Cost Floor For Its Per Capita Cost Allocation Does Not Do Enough to Protect Small Interconnection Customers**

**PacifiCorp:** "PacifiCorp's proposed one percent floor reasonably protects small generators."<sup>48</sup> PacifiCorp claims that a 10% floor will: 1) shift risk to other generators; and 2) could allow several generators per Cluster Study to shift the bulk of the costs to the larger generators.<sup>49</sup>

**Response:** PacifiCorp is correct that increasing to 10% could shift risk to other generators. It could also apply to more than one generator. But, both issues are present even under the 1% proposal.

If PacifiCorp asserts that the QRP will affect so few small QFs,<sup>50</sup> then the risk of the cost shift applying to multiple generators is relatively low. In the absence of any data, and because completely shifting from a serial to a Cluster Study approach risks serious harm to Oregon QFs,

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<sup>47</sup> *Id.* at 18.

<sup>48</sup> *Id.* at 19.

<sup>49</sup> *Id.* at 20.

<sup>50</sup> *Id.* at 24.



a 10% floor is more protective. The Commission should err on the side of protecting small Oregon QFs.

The Commission should also consider that its small generator interconnection rules currently protect customers by preventing them from paying *any* costs caused by another project. This was explicitly adopted as the quid pro quo for requiring small generators to pay for any network upgrades (rather than having them refunded as FERC does),<sup>51</sup> i.e., small Oregon QFs do not pay for the costs caused by other customers, and in exchange, they do not get network interconnection refunds. The QRP removes this protection while continuing to require the small generator interconnection customers to pay for network upgrades. Thus, Oregon QFs will need to pay higher costs and continue to not obtain refunds, which puts them at an even worse disadvantage to FERC jurisdictional interconnection customers that will at least be able to obtain network interconnection refunds.

**Proposed Solution:** First, change the proposed 1% floor to 10%. Second, allow Oregon jurisdictional interconnection customers to collect a refund for network upgrades.

**K. PacifiCorp Has Still Not Clearly Explained How a Large Interconnection Customer Can Show Quantifiable Benefits Under the New Cluster Study Approach**

**PacifiCorp:** PacifiCorp states that there are no changes to the rules regarding network upgrades and compensation for system-wide benefits.<sup>52</sup> Additionally, it takes the position that it does not matter whether it uses the Cluster Study or Serial Queue studies; the impact remains the same.<sup>53</sup>

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<sup>51</sup> *In re PacifiCorp Larger Generator Filing Updates to Comply with Order No. 10-132*, Docket No. UM 1401, Order No. 20-021 (Jan. 21, 2020).

<sup>52</sup> PacifiCorp's Reply Comments at 20.

<sup>53</sup> *Id.*

**Response:** The Interconnection Customer Coalition poses the same question - how does an entirely new study approach, which implements major network upgrade cost-shifting and sharing policies, not affect how quantifiable system-wide benefits can be shown?<sup>54</sup>

**Proposed Solution:** In the absence of any explanation provided by PacifiCorp, the Commission should require PacifiCorp to refund network interconnection costs to Oregon QFs as it would for all other interconnection customers.

**L. PacifiCorp’s Assurance that QFs Will Not Pay Additional Study Costs Conflicts with its New Policy of Asking Generators Producing 10 MW and Above to Pay Large Generator Deposits.**

**PacifiCorp:** “QFs entering the transition process will not pay any additional study deposit.”<sup>55</sup>

**Response:** First, PacifiCorp has not clearly stated that QFs will not be subject to higher study deposits in its QRP. This assurance has only been put to paper in PacifiCorp’s Reply Comments. Thus, there is no enforceable, written assurance that PacifiCorp will stick to its words on additional study deposits. Additionally, and discussed in further detail directly below, the QRP requires generators that produce 10 MW and above to pay the larger study deposits that larger interconnection customers pay (\$75,000).<sup>56</sup> As a result, PacifiCorp’s Reply Comments appear to be simply wrong.

**Proposed Solution:** Require revising the QRP to make this assurance clear and treat 10-20 MW generators as small interconnection customers.

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<sup>54</sup> Interconnection Customer Coalition Comments at 42.

<sup>55</sup> PacifiCorp’s Reply Comments at 24.

<sup>56</sup> Interconnection Customer Coalition Comments at 37.

**M. The QRP’s Treatment of 10 MW-20 MW Interconnection Customers as Large Generators is Inconsistent with FERC’s Policy and it Disadvantages Oregon QFs**

**PacifiCorp:** “PacifiCorp’s proposed reforms reasonably fill the existing gap for Oregon QFs between 10 and 20 MW.”<sup>57</sup>

**Response:** PacifiCorp has filled the gap, but in a harmful way for QFs. There are two ways to treat generators who produce between 10 and 20 MW of power. In its Oregon QRP, PacifiCorp treats these generators as large generators, subject to higher interconnection fees.<sup>58</sup> In contrast, FERC treats generators 20 MW and below as small generators who pay lower fees than large generators.<sup>59</sup> As a result, under the current QRP, FERC jurisdictional generators and state jurisdictional QFs will be subject to different fees. The larger fees on 10-20 MW generators puts QFs at a competitive disadvantage to FERC-jurisdictional QFs, which goes against Oregon’s PURPA policy of supporting QF development. PacifiCorp never introduced this portion of its QRP during the FERC approval process, so FERC has not approved of this contrasting policy to its own.

**Proposed Solution:** PacifiCorp should amend its QRP to follow FERC’s 20 MW demarcation consistent with Staff’s recommendation.<sup>60</sup> Therefore, any discrimination between FERC jurisdictional generators and state jurisdictional generators is avoided.

**N. Oregon QFs Are at a Disadvantage Under the Current Withdrawal Penalty Scheme**

**PacifiCorp:** “Proposed withdrawal penalties for large generators are reasonable.”<sup>61</sup>

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<sup>57</sup> PacifiCorp’s Reply Comments at 35.

<sup>58</sup> *Id.* at 35-36.

<sup>59</sup> Interconnection Customer Coalition Comments at 35-57.

<sup>60</sup> *See* Staff Report at 19.

<sup>61</sup> PacifiCorp’s Reply Comments at 29.

**Response:** As long as Oregon QFs are not refunded their network interconnection costs, they are at a disadvantage: If studies come back with higher costs, then a FERC jurisdictional interconnection customer can move forward, getting that higher amount refunded. In contrast, a QF would need to pay for those higher costs.<sup>62</sup>

**Proposed Solution:** Small Oregon QFs should be able to withdraw with no penalties, and large QFs should be able to withdraw with no penalties if their costs are greater than an earlier study. The Interconnection Customer Coalition is willing to drop this proposal for large generators to not pay withdrawal penalties pending an investigation into the QRP, but only if the Commission allows Oregon QFs to get refunds of network interconnection costs.

**O. PacifiCorp Must Provide More Clarity on What Would Replace the Small Generator Interconnection Rules it Requested to Waive**

**PacifiCorp:** “PacifiCorp reiterates that its waiver request applies to only one rule — OAR 860-082-0060, which ... describ[es] the study process for Tier 4 interconnections.”<sup>63</sup> PacifiCorp also attached a redlined version of the rule that canceled out sections of the rule PacifiCorp wants to waive.

**Response:** At this point, PacifiCorp has essentially taken Tier 4 out of the small generator interconnection rules and did not replace it with anything. PacifiCorp removed the feasibility study and replaced it with the informational study. The current rules have a detailed description of what a feasibility study is. The QRP should replace the removed parts of the existing rule with informative descriptions of what the informational study is, when it can be requested, what information is provided, and the relevant timelines. The rule must also include

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<sup>62</sup> Interconnection Customer Coalition Comments at 34.

<sup>63</sup> PacifiCorp’s Reply Comments at 34.

the specifics regarding a small power producer’s legal rights under the new portions of the rule. A generator should not have to sift through a maze of pleadings filed by PacifiCorp’s legal counsel to find out what the interconnection process requirements and its legal rights are when the existing rule provided all that crucial information in one easy to find, and (critically importantly) legally enforceable rule. On this topic, PacifiCorp’s QRP effectively reserves for PacifiCorp the discretion to do what it wants and prevents a QF from having legal recourse if the QF disagrees with what PacifiCorp does.

**Proposed Solution:** Require PacifiCorp to provide both a revised Tier 4 administrative rule along with a detailed explanation, including as much detail as the current rules regarding how these proposed changes will work. PacifiCorp filed its QRP on June 15 presumably after some months of preparation.<sup>64</sup> Therefore, PacifiCorp has had sufficient time to adequately propose well-vetted changes to the existing interconnection rules, and the QRP should not go into effect until the Commission has reviewed and approved a new, temporary rule.

**P. PacifiCorp Does Not Provide QFs Enough Time to Determine Whether to Move Forward with Interconnection, Given All the Other Changes Put Forth in the QRP**

**PacifiCorp:** “PacifiCorp’s proposal provides sufficient time for QFs to review Cluster Study reports.”<sup>65</sup> PacifiCorp asserts that, if Oregon Interconnection Customers are provided additional process to review Cluster Study results, it will be hard to comply with FERC processes and treat FERC jurisdictional generators differently. It also argues that QFs will receive more time to decide whether to interconnect under the QRP than they do now.

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<sup>64</sup> PacifiCorp Application for an Order Approving Queue Reform Proposal.

<sup>65</sup> PacifiCorp’s Reply Comments at 25-27.

**Response:** Oregon QFs should receive more time than PacifiCorp is proposing to consider whether to interconnect under this new QRP. As is mentioned elsewhere in these Comments, the per capita costs alone could trigger a situation where the QF needs to find adequate funding to cover these increased costs. In addition, the QRP will require Interconnection Customers to either withdraw or post 100% of their network upgrade costs as financial security within 30 days following the issuance of the Cluster Study. Thirty days is simply not enough time to negotiate financing a project.<sup>66</sup>

QFs should not be put in a place where they have only a month to find adequate financing with new financial information. Such a hardship will only add to all the additional negative changes to the PPA processes discussed in previous sections.

**Proposed Solution:** Oregon QFs should have 60 days to decide whether to continue with the interconnection process, and PacifiCorp can revise its FERC process if consistency so requires.

**Q. Avoided Cost Update Filings**

**PacifiCorp:** Concerns over potential changes to avoided cost updates might occur during the pendency of an interconnection study under either process.<sup>67</sup>

**Response:** This is true, but the concern is greater, and the harm is more certain under the QRP.<sup>68</sup> Also, PacifiCorp acknowledged that questions were raised about “the timing of Cluster Studies relative to standard avoided cost pricing updates” during workshops but did not

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<sup>66</sup> Interconnection Customer Coalition Comments at 41-42.

<sup>67</sup> PacifiCorp’s Reply Comments at 16.

<sup>68</sup> Interconnection Customer Coalition Comments at 24-25.

respond to concerns raised in stakeholder comments.<sup>69</sup> Staff and PacifiCorp acknowledged but have not addressed the Interconnection Customer Coalition’s concerns about the implications of PacifiCorp’s QRP for avoided cost updates.<sup>70</sup> Specifically, those concerns are that the timing of PacifiCorp’s QRP for annual Cluster Studies provide only a limited opportunity each year to enter contracts when there are multiple avoided cost updates a year (including PacifiCorp’s obligation to file standard avoided cost updates annually on May 1st, the post-IRP rate change, and PacifiCorp may file or the Commission may initiate out-of-cycle avoided cost updates, which the Commission has historically granted despite vehement stakeholder objections).<sup>71</sup> As explained in earlier comments, PacifiCorp and Staff’s recommendations are inconsistent with FERC precedent that a QF has a right to enter into a contract despite not having completed an interconnection study.

**Proposed Solution:** QFs should be able to obtain a PPA at any time, with: 1) the ability to update the CODs after receiving the results of the interconnection study; and 2) to terminate their PPA if interconnection costs estimates exceed amounts identified in an Informational Study similar to how PacifiCorp treats QFs in load pockets.

## **R. Independent System Impact Studies**

**PacifiCorp:** “PacifiCorp has not requested a waiver of that provision of the small generator interconnection rule and it will continue to apply.”<sup>72</sup>

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<sup>69</sup> PacifiCorp’s Reply Comments at 3, 14; Interconnection Customer Coalition Comments at 24-27.

<sup>70</sup> Staff Report at 24-26.

<sup>71</sup> Interconnection Customer Coalition Comments at 24-27.

<sup>72</sup> PacifiCorp’s Reply Comments at 27.

**Response:** The QRP may make any right for a QF to perform an independent system impact study impossible. There are many questions, including how a QF would perform an independent system impact study, how that is relevant to the Cluster Study Results, and when would PacifiCorp review the independent system impact study given the tight timelines in the Cluster Study. PacifiCorp’s response appears to be that the section of the rule allowing a QF to perform an independent system impact study will not be changed, but the Cluster Study will make that independent study irrelevant so the rule will be a dead letter.

**Proposed Solution:** PacifiCorp should propose rule language and be required to explain how a QF will be able to perform an independent system impact study, when PacifiCorp will review the study, and how the study results compare or will impact the Cluster Study.

#### S. **Defining “Electrically Relevant Areas”**

**PacifiCorp:** PacifiCorp “cannot precisely define Cluster Study areas until the requests are submitted and the study participants are known,” but PacifiCorp “will define Cluster Study areas by discrete electrical boundaries (e.g. transmission line and substation interfaces).”<sup>73</sup>

**Response:** PacifiCorp’s definition is still too vague to provide developers a reasonable measure of certainty.<sup>74</sup>

**Proposed Solution:** PacifiCorp should delineate its criteria for cluster study areas and file updates to these criteria as it evolves consistent with Staff’s recommendation. It is not clear why PacifiCorp cannot provide more clarity on how many different cluster study areas it might study. While it may not study every cluster separately every year (for instance, if there are no applicants in a given area), this should not prevent PacifiCorp from providing basic information

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<sup>73</sup> *Id.* at 42.

<sup>74</sup> Interconnection Customer Coalition Comments at 47-48.



about how it plans to perform cluster studies. Staff appropriately notes that PacifiCorp could, at minimum, “submit a detailed description of its criteria for defining a Cluster Area in this docket and to file updates as this criteria evolves.”<sup>75</sup> The Interconnection Customer Coalition supports Staff in encouraging PacifiCorp to “codify and continue to refine these criteria as much as possible for generators.”<sup>76</sup>

#### **T. Availability of Informational Interconnection Studies**

**PacifiCorp:** PacifiCorp agrees to accept Informational Interconnection Study requests at any time, make reasonable efforts to complete them expeditiously, and to post them online.<sup>77</sup>

**Response:** PacifiCorp’s assurances in its Reply Comments are not sufficient.

**Proposed Solution:** PacifiCorp should incorporate its agreement to change its treatment of Informational Interconnection Study Requests into PacifiCorp’s actual proposal. The Joint Customer Coalition agrees with Staff’s proposed conditions that PacifiCorp:

- Update its revised OR-LGIP and OR-SGIP documents to clarify that it will process the Informational Interconnection Studies in the order received and use reasonable efforts to complete the studies in 45 days.<sup>78</sup>
- Post Informational Interconnection Studies on OASIS.
- Accept interconnection applications at any point in the year for the next Cluster Study. Post the Interconnection Application data as its received, including location, point of interconnection, size, generator type, interconnection service, and applicable interconnection procedures.
- Work with Staff and Stakeholders to continue to refine the tools PAC makes available to help generators anticipate upgrade costs and find suitable locations and project designs before the Cluster Request Window closes.<sup>79</sup>

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<sup>75</sup> Staff Report at 21.

<sup>76</sup> *Id.*

<sup>77</sup> PacifiCorp’s Reply Comments at 38-40.

<sup>78</sup> Staff Report at 21.

<sup>79</sup> *Id.* at 24.

### III. CONCLUSION

For the reasons articulated herein, the Commission should adopt a modified version of PacifiCorp's QRP temporarily while an investigation proceeds. Ultimately, the Interconnection Customer Coalition wants to clarify these outstanding issues prior to QRP approval to avoid future misunderstandings and litigation.

Dated this 7th day of August 2020.

Respectfully submitted,

Sanger Law, PC

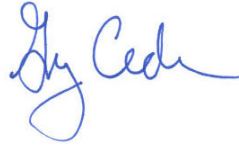


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