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Via Electronic Mail

Public Utility Commissioners of Oregon
Chair Megan Decker
Commissioner Letha Tawney

RE: Non-Utility Renewable Energy Projects Interconnections

Dear Chair Decker and Commissioner Tawney:

I send this letter on behalf of the Renewable Energy Coalition (“REC”) to encourage the Commission to take note of the immediate need to make positive progress on the numerous pending interconnections for a majority of the Community Solar Program (“CSP”) projects located in PacifiCorp’s service territory. While the current focus of this message is related to the CSP projects awaiting interconnection, the longer-term goal is to make positive changes facilitating more rapid and less expensive interconnections.

The damage is mounting for many CSP projects, including the risk of failure for some advanced projects, and the overall results do not appear encouraging. The delays, excessive costs, and requirements associated with interconnection delays by PacifiCorp are harming not only the individual projects but the reputation and financials of the CSP, which increases customer choice and access to locally-sited carbon-free renewable power. Additionally, these delays are harming customer subscribers, especially low-income customer subscribers, who have waited too long for the bill savings from the lower cost electrical energy. This situation also sends a negative message to other types of independent project developers and advocate entities such as REC. It is discouraging participation in renewable project development and advocacy due to mounting uncertainty of interconnection-based delays and excessive costs for all types of non-utility

renewable projects. This is especially unfortunate at a time when these kinds of projects are necessary, valuable, and essential to meet Oregon's small-scale renewable mandate and other broader goals. The recent letter from Sunthurst on November 24th to Staff in Docket No. UM 1930 presenting common problems is a good example of a project developer's experiences with interconnection. Although not a complete presentation, and arguable by some, of experiences contributing to delays and development completion risk, it does give us a serious look inside current challenges with interconnection. Correcting readily solvable problems is essential to the objectives of the CSP. Failure of the CSP should not be an option, but these interconnection issues already have significantly damaged it and could cause fatal degradation, if not addressed quickly. While Commission Staff is making appreciated progress, and the trade groups like REC will continue to assist in those efforts, other actions could be taken by the Commission to prevent further degradation or failure of the program. Some ideas you may consider are discussed below.

Interconnection has been a long-term issue that I have worked to address, improve, and make more reasonable for all parties' interests. I was employed by PacifiCorp for 31 years, most of which was spent implementing Public Utility Regulatory Policies Act regulations, including interconnection. In the early 2000's, I was involved in an ad hoc committee leading the Company's QF distribution interconnection processes. Another time I created a program for testing project-owned protective relays. Since leaving PacifiCorp in 2006, I have been directing and managing the activities of REC, providing consulting services (or coordinating such services) to individual members related to both power purchases and interconnections, representing REC in public settings, and participating in select proceedings as an expert witness. I was a lead industry representative in the original interconnection docket AR 521. I was also an expert witness in the *Rough & Ready Lumber Co. v. PacifiCorp* court case related to interconnection requirements and costs.¹ Thus, I can provide the Commission with interconnection expertise, knowledge of Oregon's interconnection history, and a unique historical perspective. Your predecessor, Chair Susan Ackerman once stated "I am trying to figure out whether you guys are just disingenuous or cynical and disingenuous and I am coming to the conclusion it's both cynical and disingenuous." in reference to PacifiCorp's representations before the then-current Commission.² Although all the facts and motivations are unknown or not understood at this point, it is fair for me to conclude that it is probable PacifiCorp has weaponized interconnection to some degree. Generally, this is not new but finds different forms and emphasis over time.

To the extent interim solutions can be applied or encouraged that do not upset the longer-term efforts associated with interconnection related docket(s), the time is ripe to consider them. Admittedly, this could be challenging given the unknowns associated with the underlying problems causing the unreasonable interconnection delays. The reluctance of developers to come forward with their interconnection histories has been deeply concerning. The Commission and its Staff could influence, directly and indirectly, PacifiCorp to implement solutions quickly relying

¹ A copy of this court decision is attached to this letter.

² *In re PacifiCorp, dba Pacific Power, Application to Update Schedule 37 QF Information*, Docket No. UM 1729(1), Public Meeting at 33:00 to 40:30 (Mar. 22, 2016).

on recent Commission guidance on implementing the Small Generator Interconnection Rules from Order 22-134³ to improve the applicant/utility dynamic while also maintaining safety or reliability of the electric system.

The Sunthurst letter regarding prepayment of interconnection costs is a good starting point. While extension of on-line dates for interconnection has commonly occurred, it is not clear that parallel adjustments to the dates of interconnection prepayments have accompanied those contractual changes or that such dates are reasonable or even necessary in some cases. Problems created by the initial steps of the interconnection payment process should be a relatively easy fix. Staff's on-going investigation provides a very good opportunity for selection of a few key potential immediate changes. Technical requirements associated with relays and protection, for example, are a large, expensive, and complicated portion of contemporary interconnection requirements that may present an area for meaningful compromise, at least in the short-term, to allow interconnections to get completed. Special payment arrangements might be considered here, especially given that interconnection financing should be allowable.⁴ The use of third-party contractors should be made available to project developers immediately and the option to pay a premium for labor in order to finish interconnections more quickly could be helpful in some cases. A workshop or mediation-like setting to select and fix a few impediments to these interconnections may prove quite productive. I'm confident there are many possible immediate improvements to the process, requirements, and costs that could be vetted and solutions, albeit temporary in some cases, applied.

In sum, I would encourage the Commissioners to immediately inject themselves into an impactful and complimentary effort to the longer-term efforts underway. This could be very productive and beneficial to everyone, and considered by those observing the Commission actions as quite positive. The Commission should direct all parties, including Staff, to work through some of the short-term fixes, but Staff does not need to be lead on those discussions. It appears that we have dichotomy of actions by developers, some being relatively silent due to concerns about possible retaliation and others being quite aggressive, for understandable reasons including project failure, to get their interconnections completed. The Commission should try to settle this environment by going beyond the Staff's longer-term efforts to find solutions.

³ See *Zena Solar, LLC v. Portland General Electric Company*, Docket No. UM 2164, Order No. 22-134 (Apr. 29, 2022).

⁴ OAR 860-029-0060 Obligation to Pay and Reimbursement of Interconnection Costs

(1) * * *

(2) The public utility will be reimbursed by the qualifying facility for any reasonable interconnection costs including costs of financing at an interest rate no greater than the effective rate of the public utility's last senior securities issuance at the time of the contract with the qualifying facility. Such reimbursement may be over any agreed period not greater than one-half the length of any contract between the public utility and the qualifying facility when the contract is for a period greater than two years; otherwise, reimbursement will be made over a one-year period. At the public utility's option and with the Commission's approval, a public utility may guarantee a loan to a qualifying facility for interconnection costs rather than finance such costs from the public utility's own funds.

A strong message of interest and encouragement to all the parties to work through the immediate impediments creatively would be most helpful and direct commissioner participation would send a message of immediate need for improvements and the CSP's importance. Longer-term systematic issues should be uncovered through the current proceeding and dealt with at a somewhat lesser priority.

Thank you for your time and interest!

John R. Lowe

A handwritten signature in black ink, appearing to read "John R. Lowe". The signature is fluid and cursive, with a long horizontal stroke at the end.

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