Joint Recommendation of Puget Sound Energy, Northwest and Intermountain Power Producers Coalition, Renewable Energy Coalition, Renewable Northwest, Northwest Energy Coalition and Climate Solutions
Docket U-161024

1. Contract Negotiations Prior to Execution

Tariffs shall specify the information required for a QF to obtain draft and executable contracts, and the timelines and requirements for both QFs and utilities to follow in the contract negotiation process. Specific provisions and processes may differ for QFs below and above the 5 MW size threshold for standard contracts and rates.

2. Contract Length

QFs shall have the option to elect up to 15 year contract terms starting from the date of commercial operation. QFs should have the right to select a commercial operation date three years from contract execution, provided that QFs satisfy commercially reasonable milestone events and cure opportunities included in the contract during such three-year window. Such milestone events for a QF may include (i) provision of any necessary credit support, necessary governmental permits and authorizations, evidence of construction financing, and as-built supplements; (ii) completion of interconnection facilities; (iii) completion of start-up testing; and (iv) achievement of mechanical availability of operation.

3. Contract Provisions for QFs at or below the standard rate threshold

There will be standard contact provisions for QFs at or below the size threshold approved by the Commission.

4. Contract Provisions for QFs above the standard rate threshold

There will be term sheets with limited contract provisions for QFs above the size threshold available upon the utility's website. Non-standard contract provisions need not be the same as standard contract provisions, but shall be consistent with Commission's rules.

5. Standard Contract and Rate Eligibility

Nameplate capacity of 5 MW size (AC for solar) threshold for standard contract and rate eligibility.

6. Prices for QFs above the standard rate threshold

Each utility shall file and obtain Commission approval of its avoided cost rate methodology for QFs above the size threshold for standard contract and rate eligibility.

7. Standard contract rates at the size threshold or below

PSE, NIPPC and REC do not resolve the question “What is the appropriate avoided cost methodology for calculating QF energy and capacity rates?” with the exception of:

There will be a non-renewable price that will be based upon, among other things, the following sources to the extent relevant at the time the rates are set: (a) the most recent project proposals received pursuant to an RFP issued under Chapter 480-107 WAC to meet capacity needs; (b) estimates included in the utility's current integrated resource plan filed pursuant to WAC 480-100-238 for meeting capacity needs; (c) the results of the utility's most recent bidding process to meet capacity needs; and (d) current projected market prices for power.

There will be a renewable price that will be based upon, among other things, the following sources to the extent relevant at the time the rates are set: (a) the most recent project proposals received pursuant to an RFP issued under Chapter 480-107 WAC to comply with the requirements of the Energy Independence Act, Chapter 19.285 RCW; (b) estimates included in the utility's current integrated resource plan filed pursuant to WAC 480-100-238 to comply with the requirements of the Energy Independence Act, Chapter 19.285 RCW; (c) the results of the utility's most recent bidding process to comply with the requirements of the Energy Independence Act, Chapter 19.285 RCW; and (d) current projected market prices for power.

The QF has the right to own the RECs, unless the avoided cost prices are based on the costs of the next deferrable major renewable resource. During the period that the QF is compensated for the costs of the next deferrable renewable resource, the utility shall receive the RECs.

The price may account for the integration costs associated with variable technologies (currently wind and solar), as approved by the Commission.

8. Avoided cost price filings

Standard contract avoided cost prices will be filed in November or December of each year to establish standard contract avoided cost prices the following calendar year. Utilities may file avoided cost prices at times other than November or December, after providing minimum notice of 60 calendar days to the Commission and QFs negotiating contracts.