



@oneenergyinc

2003 WESTERN AVE.

SUITE 225

SEATTLE, WA 98121

206.922.7072

oneenergy
renewables
.com

September 11, 2019

Washington Utilities and Transportation Commission
1300 S. Evergreen Parkway Dr. S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Comments Docket U-190666

State Of WASH.
UTIL. AND TRANSP.
COMMISSION

09/11/19 13:54

Received
Records Management

OneEnergy Renewables (“OneEnergy”) provides these initial comments on Pacific Power’s (“Pacific”) proposed Schedule QF and accompanying proposed form of standard power purchase agreement (“PPA”) filed under Docket U-190666.

As we have not had the opportunity to fully analyze Pacific’s proposed rates, we are hopeful the Commission will establish a schedule for further review of the key issues by Staff and stakeholders.

Comments to Proposed Schedule QF

As noted in our comments on the proposed rules in the U-161024 docket, the start of the “clock” for the fixed price term (15 years from PPA execution or 12 years from the scheduled on-line date) places undue timing and financing stress on new qualifying facilities (“QFs”). While we do not wish to re-litigate resolved issues, the fairness of the Commission’s ruling is doubtful especially in Pacific’s case because the utility has essentially frozen its interconnection queue, even for very small projects. OneEnergy can only guess as to when Pacific might begin again to study our interconnection requests in Washington. (We have three pending requests in the queue – one at 3 megawatts (“MW”) and two at 2 MW, all of which have been in the queue since 4Q2018, none of which have even had any studies initiated yet by Pacific.) The interconnection-related guidance provided by Pacific at Sheet No. QF-8 of the tariff is at best inaccurate in this circumstance.

As such, QFs that are otherwise ready to proceed are unlikely to request and execute PPAs with Pacific because they will have no certainty of their ability to interconnect within the required three-year window between PPA execution and scheduled online date. Further, since Pacific is not following its tariff in processing interconnection requests, there is no mechanism to estimate an achievable online date, so the floor length term of 12 years from a scheduled on-line date may result in an even shorter term PPA if developer uses a “best guess” approach that Pacific is not able to meet.

We request the Commission revisit its ruling in regard to the fixed price term of standard PPAs, and adopt a rule specifying that the 15-year fixed price term



commences on the scheduled commercial operations date.

In regard to Pacific's offered pricing structure, we generally support the use of pricing with seasonal and daily on-peak and off-peak price weighting. We believe it is important that developers receive price signals to design and operate projects so as to generate power when it is needed the most. However, we have not completed a technical review to determine if Pacific's exact proposed pricing and definitions of on-peak and off-peak are reasonable and accurate. We are concerned that Pacific may be undervaluing the capacity benefits of solar generation.

Comments to Form of PPA

As noted above, we have not completed a full review of Pacific's form of standard PPA, and therefore ask that these comments be accepted as initial issues of concern.

Rolling Period Definition

We recommend Pacific change the definition of "Rolling Period" in the PPA. Pacific's proposed definition includes a date adjustment provision: "the month in which the Commercial Operation Date occurs will be considered a full month for purposes of establishing the first Rolling Period." Under this definition, a solar QF with a commercial operation date of June 30, 2020 (for example) would be deemed to have started on June 1, 2020. The QF would therefore be almost certain to fail its Performance Guaranty (set at 90% of expected Net Output as described in Exhibit F) during the first Rolling Period because more than 10% of expected annual solar production occurs in June. We suggest the definition of "Rolling Period" should be changed as follows:

"Rolling Period" means every consecutive twelve (12) month period commencing with the first day of the full calendar month following the Commercial Operation Date through the last hour of the Term.

Forecasting

Pacific's form of PPA (at Paragraph 6.7.2) includes an uncapped obligation for QFs to reimburse the utility for the cost of procuring day ahead and real time energy forecasts from third parties. This requirement is inappropriate and unnecessary for projects 5 megawatts and smaller on an individual basis; moreover, QFs will be unable to secure financing due to this provision because the cost is uncapped and outside the QF's control. We strongly recommend the Commission strike this requirement and adopt a more sensible approach.

We recommend that Pacific obtain a single forecast for solar QF generation in



Washington only after the aggregate amount of solar QFs in operation in Washington exceeds 50 megawatts. The service should be commercially reasonable in its scope and procured via competitive solicitation. The costs of the service could be recovered as an adjustment to the price of energy in the PPA only after the 50 megawatt threshold is reach, and further provided that the amount of any such adjustment must be capped.

Security

Pacific's proposed security requirements are burdensome and inappropriate for small projects.

First, Pacific's form of PPA would require developers post "Project Development Security" of \$25 per kilowatt (\$25,000 per MW) within 30 days of PPA execution, and "Default Security" of \$50 per kilowatt (\$50,000 per MW) in order to declare commercial operations. This is an unduly burdensome request for small QFs.

Also, the apparent intent of the Project Development Security is to provide an incentive for QF owners to proceed through project development with speed and diligence; yet as noted above, Pacific itself is not proceeding with interconnection studies.

By contrast, Pacific's form of PPA for standard QFs in Oregon allows QFs smaller than 3 MW to adopt "Seller Creditworthiness Warranties" to avoid posting security as cash, letter of credit, or guaranty. (Available for download at <https://www.pacificpower.net/savings-energy-choices/customer-generation/qualifying-facilities.html>)

We believe the Oregon approach is reasonable. We recommend the Commission enact the same approach in Washington to allow QFs smaller than 3 MW to adopt creditworthiness warranties. However, we also believe it would be reasonable and appropriate for Washington to allow all standard QFs smaller than 5 MW to adopt creditworthiness warranties.

Sincerely,

WILLIAM EDDIE, CEO
503-232-3852 | D