September 11, 2019

Via Electronic Filing

Chair David Danner
Commissioner Anne Rendahl
Commissioner Jay Balasbas
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Comments of Renewable Northwest
PacifiCorp's PURPA Compliance Filing
Docket UE-190666

Renewable Northwest thanks the Washington Utilities and Transportation Commission ("the UTC" or "the Commission") for this opportunity to provide comments in response to PacifiCorp's Public Utility Regulatory Policies Act ("PURPA") Compliance Filing submitted in Docket UE-190666.

Qualifying Facilities ("QFs") in Washington are likely going to have access to only twelve years of fixed rates if they pursue a power purchase agreement ("PPA") with PacifiCorp today due to their inability to interconnect with PacifiCorp in a timely manner. Renewable Northwest encourages the Commission to consider the interactions between PacifiCorp's current interconnection queue processing issues and the Commission's PURPA rules, and direct the utilities to amend their Tariff and PPA to account for interconnection delays outside of the control of the QF. Finally, if the UTC decides to address interconnection as part of its efforts to implement the Clean Energy Transformation Act ("CETA"), we encourage the Commission to consider providing greater clarity on the interconnection process for QFs.

A. QFs Contracting with PacifiCorp in Washington will not have access to 15 years of fixed rates.

Under WAC 480-106-050(4)(a)(i), a utility's "standard rates for purchases must offer fixed rates to a new [QF] for a term of fifteen years beginning on the date of contract execution of legally enforceable obligation." However, a QF will actually receive fixed avoided cost rates for 15 years minus the time it takes it to become operational after contract execution. WAC 480-106-050(4)(a)(i) sets a floor for the length of the fixed-rate term available to a QF by specifying that the offer of fixed rates should be for "not less than twelve years from the commercial operation date of the qualifying facility."

Meanwhile, we understand that PacifiCorp has not been processing many of the interconnection requests that it has received since around the Spring of 2018. According to PacifiCorp, it cannot process many of its interconnection requests because power flow models do not solve given the amount of megawatts in its queue compared to its system load.[1] PacifiCorp proceeded to adopt a Business Practice that allows it to consider projects "non-viable",[2] and then kickstarted an interconnection queue reform effort focused on identifying reforms for the large generator interconnection procedures ("LGIP") and large generator interconnection agreement ("LGIA") approved by the Federal Energy Regulatory Commission ("FERC").

Prospective QFs looking to execute a Washington-jurisdictional power purchase agreement ("PPA") with PacifiCorp will likely see the length of their fixed-rates terms negatively impacted by PacifiCorp's current interconnection queue issues. For example, we understand that at least some of the projects that submitted interconnection requests in the spring of 2018 have still received no studies.[3] In fact, instead of study results, some projects received communications from PacifiCorp informing them that their study process is suspended indefinitely. This unusual halt in PacifiCorp's interconnection study process is outside of the control of QF developers, yet it will impact how long it takes a QF to become operational, and, consequently, how long they can generate and be compensated at fixed rates.

In its General Order R-597, the Commission: was reluctant to undertake an interconnection rulemaking without "demonstrated substantial need." The Commission also recognized that the interconnection process could affect implementation of its PURPA rules, and expressed its intention to initiate a procedure to address interconnection issues if it becomes aware "that interconnection issues are inhibiting the ability of QFs to effectively provide [alternative sources of energy]." The current issues impacting PacifiCorp's processing of interconnection requests warrant the Commission's attention given their potential impact to QFs. We

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[1] *See Business Practice #73: Study Models and Assumptions When Modeled Generation Exceeds Study Area Load, PacifiCorp Responses to Stakeholder Questions Submitted Before the May 6, 2019, Technical Conference* at 2 ("In late 2018, PacifiCorp found that the power flow studies used during the interconnection study process were no longer solving, i.e., the incremental generation from the interconnection request caused a generation-to-load imbalance that could not be resolved by constructing additional transmission connections to move the new generation to load elsewhere on the system. PacifiCorp first identified this issue in its PACE BAA. The inability to solve the power flow study is not specific to a particular load bubble.") available at http://www.oasis.oati.com/ppw/index.html in the folder "Business Practices," subfolder "Business Practices-Response to Public Comment."

[2] *Business Practice #73: Study Models and Assumptions When Modeled Generation Exceeds Study Area Load* (Apr. 17 2019) available at http://www.oasis.oati.com/ppw/index.html in the folder "Business Practices," subfolder "OATT Part IV and V-Generation Interconnections.")

[3] We understand that none of the QF eligible projects in PacifiCorp's Washington queue have received a single study, and that the earliest of those was filed one year ago.

encourage the UTC to consider providing greater clarity on the interconnection process for QFs if it decides to address interconnection as part of its efforts to implement CETA.

Additionally, we encourage the Commission to consider alternatives to address the harm to QFs that is likely to result from PacifiCorp's interconnection queue processing issues. We suggest that the Commission directs PacifiCorp to adopt PPA language that reflects the 12-year floor for the length of the fixed-rate term available to QFs in WAC 480-106-050(4)(a)(i). For example, Section 2.1 of PacifiCorp's proposed PPA should specify that the term of the PPA will be extended where an interconnection request takes longer than estimated in the utility's small generator interconnection procedures ("SGIP") at no fault of the QF.

B. PacifiCorp's interconnection queue processing issues could have other negative impacts on Washington QFs.

PacifiCorp's interconnection queue processing delays could impact a QF's ability to accurately estimate its "Schedule Commercial Operation Date" at the time of PPA execution, exposing the QF to negative impacts under PacifiCorp's proposed PPA. For example, the QF could be unable to meet the milestones under section 2.2 of PacifiCorp's proposed PPA by failing to meet its Scheduled Commercial Operation Date due to the company's interconnection queue processing delays. The QF could also be exposed to Delay Damages under section 2.3 of PacifiCorp's proposed PPA. As a result, we encourage the Commission to require revisions to PacifiCorp's PPA where it is appropriate to account for the possibility of interconnection delays outside of the QF's control.

To close, while these comments focus on PacifiCorp's interconnection queue processing issues, other Washington investor-owned utilities could also experience delays in processing interconnection requests. As those delays would be outside of the QF control, we encourage the Commission to consider requiring that the PPAs and tariffs of all of the investor-owned utilities it regulates also account for the potential for interconnection delays.

C. Conclusion

Renewable Northwest again thanks the Commission and Commission Staff for this opportunity for comment. Interconnection delays outside of the QFs control could impact the term of the fixed-rate period actually available to the QF. If the possibility of those delays is not properly addressed in the PPA and Tariff, they could also result in additional impacts to the QF. We appreciate the Commission's attention to this issue and encourage the Commission to direct the utilities to amend their Tariff and PPA to account for interconnection delays outside of the control of the QF.

/s/ Amanda Jahshan
Amanda Jahshan
Washington Policy Manager
Renewable Northwest
amanda@renewablenw.org

/s/ Silvia Tanner
Silvia Tanner
Senior Counsel and Analyst
Renewable Northwest
silvia@renewablenw.org