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December 14, 2018

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

Re: Docket U-161024, Comments of OneEnergy Renewables

Dear Commissioners,

OneEnergy Renewables (“OneEnergy”) submits these comments on the draft rules for standard power purchase agreements (“PPAs”) with PURPA qualifying facilities in Docket U-161024. OneEnergy is a growing Washington-based solar energy development company, with a majority of our employees based in Seattle. We develop projects around the United States, and have relied upon PURPA standard offer contracts for financing of numerous projects. For example, in Oregon, we have developed four (4) operating solar projects totaling to approximately 18 megawatts across both Portland General Electric and PacifiCorp service territories. In Washington, we have commenced development of numerous projects which could utilize the anticipated standard PPAs.

With one exception, we support the draft rules, and request the Commission to move as quickly as possible to issue proposed rules for public comment. We do request a change to draft rule 480-106-050(4)(a)(i). That provision should be changed to specify that QFs have the right to contract terms of up to fifteen years from the project’s commercial operation date (“COD”). In our experience, a contract term length of 15 years from COD (or longer) is typically required for project financing, especially outside of organized energy markets. Indeed, the Oregon Public Utility Commission recently clarified that standard contracts for Portland General Electric must include a fixed price term of up to 15 years from COD (at the QF’s election). See Oregon PUC Order 17-256 (discussing fixed price terms of Portland General Electric, PacifiCorp, and Idaho Power standard contracts, and ordering PGE to change contracting practice). We request the draft rules be changed to specify fixed price terms of up to 15 years to commence upon the project’s scheduled COD (as specified in the PPA), and that the scheduled COD must be a date no later than three (3) years after PPA execution.

We also request the Commission begin to anticipate and manage the timeline for implementation of the standard PPA offerings, including

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approval of the utility tariffs, avoided cost pricing, and form of PPAs. We are concerned that a delay of these implementation items could be detrimental to both QFs and ratepayers.

Our urgency is driven by the impending step-down in the federal investment tax credit for solar energy projects. For projects commencing construction in 2019, a tax credit equal to 30% of cost basis is available. However the tax credit lowers to 26% for projects commencing in 2020, 22% in 2021, and then 10% in 2022.

The availability of the full value tax credit will be a critical factor in financing projects so that they can proceed to construction, and thereby deliver clean energy, together with local economic development and environmental benefits, at avoided cost pricing no greater than that of other resources purchased or built by the utilities.

Each of the utilities subject to the rules has extensive prior experience in PURPA standard contracting. Puget Sound Energy has offered pricing and standard PPAs under Schedule 91 for many years, providing a solid starting point for implementation of the forthcoming rules. Likewise, PacifiCorp has dozens of projects under standard contracts around its multi-state territory, pursuant to Schedule 37 in Oregon, Utah, and Idaho. Last, in Idaho, Avista offers standard contracts pursuant to Schedule 62. The utilities and the Commission can draw from this prior experience to keep implementation of the new rules moving forward in due course.

We appreciate the opportunity to submit these comments.

Sincerely,

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