STATE OF WASHINGTON

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

March 31, 2019

Via Electronic Filing

Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive S. W.
P.O. Box 47250
Olympia, Washington 98504-7250

RE: WAC 480-106 & WAC 480-107, Docket U-161024

Dear Mr. Johnson,

DGEP Holdings, LLC ("DGEP") hereby submits comments to the Washington Utilities & Transportation Commission ("Commission") regarding the Public Utility Regulatory Policies Act ("PURPA") and Obligations of the Utility to Qualifying Facilities ("QF"). DGEP has developed and currently owns and operates solar facilities in the U.S., and is expanding its footprint of solar energy project development into Washington State.

Thank you for your consideration regarding our comments below.

I. Contract Length; Draft Rule 480-106-050 (4)(a)(i)

The proposed rule states that a utility must offer fixed rates to a QF for a term of fifteen years beginning on the date of contract execution. Given this proposed language, a QF is at risk to any unforeseen delays between contract execution date and the date of commercial operation, when a QF would commence generating revenue. The financial viability of a project depends on long-term operating cash flows (fifteen years or longer); as such, DGEP proposes a change in the language to specify that a QF has the right to contract terms of fifteen years <u>beginning on the date of commercial operation.</u>

II. Legally Enforceable Obligation ("LEO"); Draft rule 480-106-030 (2)(a)

The proposed rule states that a legally enforceable obligation "must be memorialized in an executed written contract between the utility and the qualifying facility prior to commercial operation". It is important that the formation of a LEO is not solely dependent on the utility's ability and willingness to execute contracts (e.g. Power Purchase Agreement or Interconnection Agreement) with a QF. DGEP urges the Commission to follow FERC precedent and provide language that establishes a LEO upon a QF's commitment to sell its output to a utility.

III. QF Capacity Payment Rules & Capacity Contribution Methodology

A QF's ability to sell both energy and capacity to a utility commencing on the commercial operation date is important to the financial viability of the project. DGEP supports the Commission's current proposal that requires a QF to be compensated for capacity between its in-service date and a utility's next planned generating unit addition. Furthermore, it is important that the value of capacity is fully captured in the methodology ultimately implemented by the Commission. DGEP suggests that the Commission direct utilities to employ the Effective Load Carrying Capability ("ELCC") methodology when calculating the value of capacity.

Sincerely,

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