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Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: Docket UE-190666—PacifiCorp's Reply Comments to Supplemental Filing

On August 9, 2019, PacifiCorp dba Pacific Power & Light Company (PacifiCorp, or Company) submitted tariffs in compliance with the newly adopted and amended rules in WAC 480-106 and 480-107. At the request of Staff of the Washington Utilities and Transportation Commission (Commission) and Renewable Energy Coalition / Northwest Intermountain Power Producers (REC/NIPPC), on November 18, 2019, PacifiCorp submitted a supplemental filing (Supplemental Filing) that addressed specific questions posed during informal discussions among the parties, included two updates to its submitted tariff (Schedule QF) to address feedback from Staff and parties, and provided further information on the three topics below:

1. PacifiCorp's peaker proxy methodology;
2. PacifiCorp's front office transaction resource selection; and
3. A West Control Area Inter-Jurisdictional Allocation Methodology (WCA) view of capacity contribution and load and resource balance.

REC/NIPPC submitted joint comments to PacifiCorp's supplemental filing December 9, 2019. In their comments, REC/NIPPC allege the following:

1. PacifiCorp's approach to valuing capacity in its calculated avoided cost rates is overly complex and seeks to implement approaches that have been previously rejected by the Commission; and
2. PacifiCorp proposes interconnection requirements that are inconsistent with the federal Public Utility Regulatory Policies Act (PURPA).

Additionally, REC/NIPPC's December 9th comments request various further modifications to PacifiCorp's Schedule QF, as most recently submitted November 18th with a requested effective date of January 24, 2020.

PacifiCorp submits the following reply comments to REC/NIPPC's December 9th filing.

REPLY COMMENTS

A. PacifiCorp's approach to valuing capacity in Schedule QF is consistent with the Commission's adopted regulations and, complex or not, seeks to ensure PacifiCorp's avoided cost rates do not exceed the utility's true avoided costs as required by PURPA.

REC/NIPPC have provided no evidence of the impact on avoided costs associated with their proposed changes in assumptions. The impacts are likely to be appreciable. While the principles behind each assumption may sound reasonable when viewed in isolation, if the resulting QF rates exceed a utility's true avoided costs as required by PURPA, the results are not valid.

1. Confidential Calculations

PacifiCorp's filing incorporated two confidential items: the scalars used to convert the monthly prices in its official forward price curve to hourly values, and the best bid for a west-side solar resource in the 2017 Request for Proposals (RFP).

PacifiCorp believes that maintaining the confidentiality of bids is critical to ensuring a competitive process and achieving the best outcomes for customers. Disclosing bids publicly allows potential third-party bidders the ability to understand how PacifiCorp values particular energy products at particular points of delivery (PODs). With such valuable information (even when somewhat dated or "stale"), third-party bidders can develop bids that come in just under PacifiCorp's forecasted value for a particular energy product. In such circumstances, a net benefit to PacifiCorp's customers will have been lost, when compared to what bidders may have bid had they not had the ability to determine our internal "clearing price."

PacifiCorp, however, appreciates Staff and REC/NIPPC's desire for transparency, and would be open to using reasonably similar non-confidential alternatives. To the extent an alternative, non-confidential hourly scalar methodology is used, the confidential information in the filing would be significantly reduced. For example, the Oregon Public Utility Commission adopted hourly scalars based on historical Energy Imbalance Market (EIM) prices, which are public, as part of the inputs assumptions for its "Resource Value of Solar" docket.[1] While the use of the same scalar methodology PacifiCorp employs in its operations and long-term planning is most consistent with this Commission's rules, PacifiCorp is open to discussing alternative methods with parties to increase transparency for avoided cost calculations.

2. PacifiCorp's Resource Valuation

REC/NIPPC suggest that the simple cycle combustion turbine (SCCT) valuation provided in PacifiCorp's Supplemental Filing is implausible because it indicates that "not only PacifiCorp, but other utilities in the western US with ancillary reserves requirements should be adding SCCT to their generation fleets and by making those capital additions total costs will be reduced."[2]

[1] Oregon Public Utility Commission Order 19-021, Docket UM 1910.
[2] REC/NIPPC Comments, p. 6.

REC/NIPPC reaches this same conclusion with regard to the valuation and capitalized energy adjustment associated with the tracking solar resource used to set capacity payments.

PacifiCorp agrees that the outcome of the SCCT and tracking solar resource valuation is not consistent with actual operations, and would not support the use of that valuation for long-term planning. PacifiCorp's concerns about the SCCT valuation methodology are equally applicable to the hourly market prices used to calculate avoided energy costs for QFs under the Commission's adopted rules. However, since QF energy pricing is based on these hourly market price assumptions under the adopted rules, it is appropriate for utility alternatives to be evaluated on the same basis to ensure the customer indifference is maintained consistent with PURPA.

A key distinction between the SCCT or QF energy valuation and a reasonable long-term planning evaluation is the assumed hourly marginal cost of electricity. In the models used to develop PacifiCorp's Integrated Resource Plan (IRP), wholesale market sales are constrained by both transmission capacity and market sales limits based on historical results. As a result, when resources exceed PacifiCorp's requirements and the modeled market sales limits, the resources with the highest dispatch cost will be backed down in the Company's IRP model, regardless of their economics relative to a market price. Therefore, the marginal cost of electricity in the IRP models can be lower than the assumed hourly market prices. Because utility planning is based on peak requirements, which may only be approached on a few days per year, the available resources are likely to exceed requirements to some extent during the vast majority of hours, even during peak winter or summer months. While the use of market prices for energy valuation is a relatively simple and transparent method for determining avoided energy costs, it may not produce accurate results.

3. *Capital Costs in PacifiCorp's Acknowledged IRP*

In their comments REC/NIPPC suggest that assumptions in PacifiCorp's acknowledged 2017 IRP have "been subjected to multiparty input and review and has more logical and reasonable findings, and as a result, is more reliable" than the bid data underlying the PacifiCorp's proposed avoided cost rates.[3] REC/NIPPC also suggest that 2028 solar resource costs from the acknowledged 2017 IRP are the appropriate basis for avoided capacity costs.

WAC 480-106-040 states that capacity costs must be based on the more recent of either estimates in an acknowledged IRP or proposals received from an RFP. PacifiCorp supports the use of the most recent data and believes that data in the acknowledged 2017 IRP is too stale to ensure customer indifference is maintained consistent with PURPA and WAC 480-106-001.

The 2028 Yakima solar resource in PacifiCorp's 2017 IRP preferred portfolio had a capital cost of $2,053 per kilowatt (kW) that was developed in the summer of 2016. The capital cost of a 2028 Yakima solar resource in PacifiCorp's 2019 IRP preferred portfolio is $983 per kW, a decrease of over 50%, and was developed in the summer of 2018. In the 2019 IRP, a Yakima solar resource combined with lithium-ion energy storage equivalent to 25% of the solar nameplate and with four-hour duration has an assumed capital cost of $1,280/kw, which is still

[3] REC/NIPPC Comments, p. 10.

well below the 2017 IRP assumption that REC/NIPPC support. While PacifiCorp believes it would be more appropriate to use this data from the most recent 2019 IRP, since that 2019 IRP is not yet acknowledged, PacifiCorp's filing relies on data from a competitive solicitation rather than stale data from the 2017 acknowledged IRP. The Commission's rules require PacifiCorp to use more recent RFP bid data, where available, so that the capital costs component of its avoided costs can better reflect the true avoided costs to the Company. The 2028 cost of the RFP bid is well below the value in the 2017 IRP assumptions, even after accounting for investment tax credit benefits the RFP bid qualifies for. This is unsurprising, as PacifiCorp contracted for this solar resource well in advance of the need for solar resources identified in the 2017 IRP, indicating that it provides either reduced costs or increased benefits relative to the 2028 resource contemplated in the 2017 IRP. While the RFP bid includes tax credits applicable to solar resources, projects coming online through the end of 2023 can still qualify for the same credit. Since low-cost solar resource options that qualify for tax credits continue to be available to PacifiCorp today, it is reasonable to continue basing avoided costs on the RFP bid and associated tax benefits.

REC/NIPPC have not attempted to demonstrate in this proceeding that the 2017 IRP capacity cost data remains accurate today. While multiparty input and review of PacifiCorp's 2017 IRP assumptions occurred, the input to the 2017 IRP occurred between the start of PacifiCorp's IRP stakeholder process in the summer of 2016 and the IRP filing in March 2017. There is no evidence indicating that data of this vintage is consistent with current circumstances.

4. *Market Proxy and SCCT Fixed Costs*

REC/NIPPC state that "even if PacifiCorp only has a capacity need in two months of the year, then it would need to pay the full fixed cost of a SCCT to meet that need."[4] REC/NIPPC present no support for this statement. As indicated in PacifiCorp's Supplemental Filing, there is no evidence that the Company's historical market purchases include the equivalent of twelve months of proxy SCCT fixed costs. PacifiCorp also does not anticipate incurring such costs for market purchases in the future.

REC/NIPPC appear to agree that a SCCT would provide benefits throughout the year, and note that PacifiCorp's Supplemental Filing demonstrated implied market heat rates well above that of the SCCT in question. While REC/NIPPC conclude that this justifies the higher fixed cost of an SCCT over market purchases, such a conclusion is not consistent with least-cost dispatch and prudent utility practice. To the extent customers have paid for a SCCT, the generation from that resource should be called upon whenever the market price exceeded its operating cost. REC/NIPPC's proposal suggest that customers should pay for all of the fixed costs of an SCCT and leave it idle at all times, paying the market rate for electricity even when the SCCT could operate economically.

5. *PacifiCorp's Use of "Net Costs" in Calculating QF Avoided Costs*

REC/NIPPC indicate several times in their comments that the use of "net costs" requires overly complicated calculations. PacifiCorp disputes this contention. The Company's proposed standard

[4] REC/NIPPC Comments, p. 4.

QF rates are calculated using just two spreadsheets. Similarly, the Company's proposed non-standard QF pricing calculation would also be reliant upon versions of those same two spreadsheets. In contrast, the data disks for PacifiCorp's 2019 IRP contain tens of thousands of spreadsheets amounting to dozens of gigabytes of data. The 2019 IRP is only as complicated as it needs to be to identify a preferred portfolio while accounting for a wide variety of variables and potential future circumstances. Besides QFs, the Company's acquisition of long-term resources (either owned or purchased) is generally reliant upon the same complicated models and tools used to develop the IRP. With that in mind, it is inappropriate to conclude that the QF calculations are overly complicated without any sense of the accuracy that is being achieved. Benchmarking the QF results against the best available utility practice developed in the IRP would help determine whether a proposed QF methodology achieves a reasonable level of accuracy.

6. *Non-Standard Methodology*

In their December 9th comments, REC/NIPPC state that PacifiCorp intends to make a separate filing before December 31, 2019, providing its methodology for negotiating non-standard prices.[5] PacifiCorp provided its methodology for negotiating non-standard prices within its original August 9th compliance filing but neglected to include the proposed methodology within its Schedule QF tariff. PacifiCorp's error was corrected in its November 18th Supplemental Filing, and the methodology is now expressly stated in Schedule QF.[6] As indicated above, PacifiCorp has proposed using the same fundamental methodology and calculations for non-standard pricing as it has proposed for standard avoided costs.

B. PacifiCorp's QF contracting process is reasonable, non-discriminatory, and fully consistent with PURPA, Federal Energy Regulatory Commission (FERC) regulations and guidance, and the Commission's adopted regulations.

1. *PacifiCorp's requirement in Schedule QF that QF developers allow the Company the opportunity to review the status of interconnection and transmission arrangements as a condition to executing a standard PPA or commencing negotiation of a non-standard PPA is appropriate and not at all inconsistent with PURPA, FERC regulations or guidance, or the Commission's adopted regulations.*

In their December 9th comments, REC/NIPPC misstate the Company's requirements for execution of standard QF PPAs and for commencing negotiation of non-standard QF PPAs. Contrary to REC/NIPPC's assertion multiple times in its comments, the Company does *not* require as a condition to execution of a standard QF PPA (or as a condition to the commencement of negotiations of a non-standard QF PPA) either (i) execution of an interconnection agreement or (ii) completion of all interconnection and transmission studies.[7] Rather, the Company's Schedule QF requires "evidence that any necessary interconnection

[5] REC/NIPPC Comments, p. 18.
[6] Schedule QF, at Sheet No. QF.6, as filed November 18, 2019.
[7] REC/NIPPC Comments, p. 11.

studies . . . have been completed *supporting the requested commercial operation date for the project*."[8]

There is nothing remarkable about this requirement. It is one of several documentation requirements stated in Schedule QF that allow the Company to perform the necessary due diligence to determine if a QF project can be reasonably relied on to deliver its resource on the date it committed to for purposes of securing a QF PPA with the desired avoided cost pricing. These requirements ensure the Company has a means to protect its retail customers by executing and negotiating QF PPAs that reflect an accurate avoided cost price, while also ensuring the Company treats all QF developers fairly by dedicating its limited internal resources to PPA negotiations involving viable projects that have demonstrated a commitment to sell their output on the date represented for purposes of obtaining avoided cost pricing.

While REC/NIPPC suggest these requirements are a veiled attempt by PacifiCorp to suppress QF contracting, these requirements actually present nothing more than what the Company does when contracting for non-QF resources. However, such due diligence is even more important for the Company to undertake for QF PPAs where the avoided cost price is tied so closely to when a QF project is expected to commence commercial operation. No other state in which the Company operates has compelled the Company to enter into a QF PPA without the ability to perform reasonable due diligence to determine the QF's ability to come on-line and deliver power in the manner it has represented to the Company for purposes of securing certain avoided cost pricing. The Company is unaware of any policy in the State of Washington that would compel a different result. The Commission should expect the Company to perform this confirmatory due diligence, as it would for any QF or non-QF supply resource.

In their comments REC/NIPPC cite to FERC's decision in *FLS Energy*[9] as a means to support their arguments that the Company is not permitted to perform interconnection-related due diligence before entering into QF PPAs.[10] FERC's decision in *FLS Energy* does not stand for the position REC/NIPPC contend. Rather, FERC's declaratory order in *FLS Energy* discusses the appropriateness of a bright-line rule established by a state public utility commission (in this case, the Montana Public Service Commission, or MPSC) setting the minimum requirements for any QF project to establish a legally enforceable obligation (LEO). The relevant LEO rule then used by the MPSC, referred to as the "*Whitewall Wind* LEO standard,"[11] stated as follows:

[8] Schedule QF at QF.4 (section I.B.4(f)) for standard QFs, and QF.6 (section I.B.4(f)) for non-standard QFs (emphasis added). While omitted in the ellipses for clarity, those same subsections similarly refer to allowing the Company to review the status of transmission arrangements for proposed off-system QF projects that will require the purchase of transmission service to deliver their power to the Company in Washington.
[9] *FLS Energy*, 157 FERC ¶ 61,211 (December 15, 2016).
[10] REC/NIPPC Comments, pp. 11-12.
[11] *In the Matter of the Petition of Whitewall Wind, LLC for QF Rate Determination*, Docket No. D2002.8.100 (MPSC June 4, 2010) (Order No. 6444e) ("*Whitewall Wind*").

> To establish an LEO, a QF must tender an executed power purchase agreement to the utility with a price term consistent with the utility's avoided costs, with specified beginning and ending dates, and with sufficient guarantees to ensure performance during the term of the contract, <u>and an executed interconnection agreement</u>.[12]

The QF complainant in *FLS Energy* alleged that a Montana utility was intentionally withholding the submittal of interconnection agreements for execution by the QF developer as a means to ensure the QF developer would be unable to execute such interconnection agreements and thereby establish a LEO under the MPSC's *Whitewall Wind* LEO Standard.[13] In its declaratory order stating that MPSC's *Whitewall Wind* LEO Standard ran afoul of PURPA, FERC offered reasoning similar to its prior LEO decisions.

> We find that, just as requiring a QF to have a utility-executed contract, such as a PPA, in order to have a legally enforceable obligation is inconsistent with PURPA and our regulations, requiring a QF to tender an executed interconnection agreement is equally inconsistent with PURPA and our regulations. Such a requirement allows the utility to control whether and when a legally enforceable obligation exists – *e.g.*, by delaying the facilities study or by delaying the tendering by the utility to the QF of an executable interconnection agreement. Thus, the Montana Commission's legally enforceable obligation standard is inconsistent with PURPA and our regulations under PURPA.[14]

As with FERC's prior decisions declaring that a state commission's bright-line rule requiring an executed PPA for LEO formation violated PURPA, FERC not surprisingly expanded this same reasoning to interconnection agreements.

> [T]he term "legally enforceable obligation" is intended to prevent the utility from delaying the signing of a contract, so that a later and lower avoided cost is applicable.
>
> Here, because the utility can, for example, delay the facilities study and the tendering to the QF of an executable interconnection agreement, the requirement of an executed interconnection agreement imposed by the [MPSC] is no different than requiring a utility-signed contract before the QF can establish a legally enforceable obligation, which, as noted, [FERC] has previously found is inconsistent with PURPA and our regulations. In sum, as [FERC] has stated: "when a state limits the methods through

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[12] *Whitewall Wind*, at ¶ 47 (emphasis added).

[13] The QF complainant similar alleges that the Montana utility was withholding tendering of the *final* interconnection study – referred to as a "facilities study" – because tendering the facilities study to the interconnection customer obligated the utility to also include the draft interconnection agreement for review and potential execution. *See FLS Energy*, at ¶ 22.

[14] *FLS Energy*, at ¶ 23.

> which a legally enforceable obligation may be created to only a fully-executed contract, the state's limitation is inconsistent with PURPA, and our regulations implementing PURPA." The [MPSC]'s requiring a signed interconnection agreement is no different than requiring a utility-signed contract, and equally impermissible.[15]

Of course, the circumstances here are readily distinguishable from the facts present in *FLS Energy*. Rather than attempting to invoke some general non-project-specific policy restricting LEO formation, the Company is making an effort to ensure its avoided cost pricing provided to individual QF developers is accurate (or at least consistent with the Commission's approved methodology for calculating long-term avoided costs under PURPA). The proposed project in-service date provided by the QF developer to the Company informs the calculation of the indicative avoided cost pricing for such project. If that information provided by the QF developer is inaccurate (or highly speculative), then the associated indicative avoided cost pricing is potentially inaccurate and must be updated consistent with the Commission-approved methodology.

Simply put, PacifiCorp requests an interconnection study from the QF developer under Schedule QF before executing a standard QF PPA (and prior to negotiating a non-standard QF PPA) as part of its due diligence *to confirm the accuracy of avoided cost pricing*; not as a means to artificially delay or restrict the ability of a QF developer to obtain a PPA or other legally enforceable obligation. *FLS Energy* does not stand in opposition to a utility's due diligence of a QF project; a point reinforced in the QF complainant's own briefing in *FLS Energy*.

> [N]either [the purchasing utility] nor the MPSC have questioned the viability of the FLS Projects: FLS has clearly demonstrated that it is ready, willing, and able to proceed with the construction and interconnection of its projects. *The issue here is not one of viability; it is the MPSC's provision of a LEO test that allows the purchasing utility to prevent the QF from establishing a LEO*.[16]

The Company's requirement in Schedule QF to review at least one interconnection study to evaluate whether a QF's proposed commercial operation date is reasonably achievable in no way violates FERC's declarations in *FLS Energy*, any other FERC regulations or guidance, or this Commission's rules or guidance.

As is clear in their comments, REC/NIPPC would prefer that the Company not engage in this pre-contracting due diligence and simply execute QF PPAs based solely on the representations of the QF developer, uninformed at all to the potential that the QF project may have no means to interconnect to the transmission system on the timing necessary to support the commercial operation date stated in the PPA (which informed the stated fixed avoided cost price). If PacifiCorp were forced to enter into QF PPAs in these circumstances, it would inevitably result in disputes between the QF and Company as interconnection delays would be blamed for delays

[15] *FLS Energy*, at ¶¶ 25-26 (quoting from *Cedar Creek*, 137 FERC ¶ 61,006 at PP 35-36) (emphasis added).
[16] "Request for Leave to File Answer, and Answer, of FLS Energy, Inc.," at page 8, in FERC Docket No. EL17-5 (*FLS Energy, Inc.*) (emphasis added).

in the commercial operation date stated in the PPA. If such interconnection delays were deemed "excused events" in the PPA (as REC/NIPPC would no doubt argue), the result is fixed avoided cost pricing in the PPA becoming more and more inaccurate as the interconnection study process proceeds under its normal process. Such inevitable complaints can be easily avoided by allowing PacifiCorp to perform the same pre-contracting due diligence it would do for any non-QF supply resource.

2. *PacifiCorp Transmission's Interconnection Study Process.*

In their December 9th comments, REC/NIPPC seek to interject in this docket complaints regarding the Company's interconnection study process more generally. While wholly irrelevant to this proceeding, their assertions reflect both a misunderstanding of the interconnection study process and the Company's proposals for potential interconnection study reform.

REC/NIPPC's comments appear to suggest that QF interconnection requests are the only type experiencing interconnection study delays, and that the Company should provide QF developers with special interconnection treatment so they can receive interconnection studies faster. Such comments ignore the existence of the single interconnection queue for state- and FERC-jurisdictional interconnection requests, and the fact that the existing rules require that those requests be processed in serial-queue order without special priority or consideration given to certain types of projects, such as those with QF status. The Company flatly rejects any allegation or inference that its interconnection study process is discriminatory to QF developers.

That said, PacifiCorp's transmission function has been engaging in a robust, months-long stakeholder process to explore solutions for addressing the fact that its interconnection queue has reached unprecedented levels, with the last stakeholder process straw proposal stating that it currently contains over 230 requests to interconnect over 40,000 MWs of generation with PacifiCorp's system.

PacifiCorp transmission function's interconnection queue reform stakeholder process is still ongoing, so it would be extremely premature to evaluate whether and how a state commission's PURPA policies (or the Company's PURPA PPA contracting practices, for that matter) should take into account a straw proposal examining potential FERC-jurisdictional interconnection process reforms that have yet to be filed with or approved by FERC. However, if the Commission intends to examine the latest straw proposal, it will recognize that REC/NIPPC developed the "impossible scenario" described on page 14 of its December 9th comments by extracting a single element of a 23-page straw proposal. REC/NIPPC highlight that the latest straw proposal includes a requirement that developers provide a readiness demonstration to enter into the interconnection cluster, but they leave out, for example, that developers could ask for an informational interconnection study without demonstrating readiness.

Ultimately, of course, whatever comes of PacifiCorp transmission function's interconnection queue reform efforts will be reflected appropriately in the Company's QF PPA contracting procedure. REC/NIPPC seem to want this Commission to anticipate some future discriminatory practice by the Company where none currently exists.

3. *QFs interconnecting with other electric utilities physically located in other states are eligible for Schedule QF provided the QF developer delivers the output of the QF to PacifiCorp's system in Washington.*

In their comments REC/NIPPC suggest Schedule QF is ambiguous with respect to whether QFs located outside of the State of Washington are eligible for QF rates and contracts under Schedule QF.[17] The Company disagrees that Schedule QF is ambiguous on this point. A QF interconnecting with another electric utility and that is physically located in another state is eligible for Schedule QF provided the QF seller secures the necessary long-term firm transmission to deliver its output from the out-of-state QF to an acceptable point of delivery on PacifiCorp's system in the State of Washington. Schedule QF specifically refers to these possibilities in Schedule QF, including in Sections I.B.2 & I.B.4 of the standard QF contracting procedures, Sections I.B.1 and I.B.4 of the non-standard QF contracting procedures, and Section I.C.

4. *The form of Standard PPA on file with the Commission is the starting point for preparing a draft PPA that reflects the project-specific aspects of any individual QF. The Company does not understand REC/NIPPC's concerns with use of the term "template."*

REC/NIPPC take issue in their comments with the Company's use of the word "template" in reference to its form of Standard PPA submitted in this docket.[18] The Company's use of this word is appropriate. The Company has submitted a form of PPA that developers may refer to in evaluating a potential QF project in Washington under Schedule QF. This form of PPA, or "template," will be finalized based on the specifics of the individual QF project.

5. *Schedule QF's requirement to prepare a "Proposed Final Version" of the PPA for QF developer review is reasonable and consistent with commercial contracting practice.*

In their comments REC/NIPPC object to Schedule QF's requirement for the preparation of a proposed final version of any PPA before an execution-version is prepared.[19] There is no basis for this concern. It is customary to prepare a proposed final version of any commercial agreement before "execution versions" are prepared and signed. The fact that the Company wants to ensure before signing that all pricing and project terms are complete and accurate – particularly the exhibits, which tend to be the last items compiled – is completely reasonable and commonplace in commercial contracting.

6. *15 business days is more than sufficient time to execute a final PPA.*

In their comments REC/NIPPC contend that QF developers require more than 15 business days to execute a final PPA.[20] The Company disagrees. It is difficult to reconcile this comment with REC/NIPPC's other comments in this docket that seem focused on allegations that the Company is trying to delay execution of QF PPAs. Once a contract is fully finalized, it would be highly

[17] REC/NIPPC Comments, p. 15.
[18] REC/NIPPC Comments, p. 15.
[19] REC/NIPPC Comments, p. 15.
[20] REC/NIPPC Comments, p. 16.

unusual to delay execution up to 45 days as REC/NIPPC suggest. By extending the PPA execution deadline, REC/NIPPC are seeking to preserve a QF developer's optionality to execute a fully negotiated PPA while preserving a fixed avoided cost price that may be scheduled for adjustment in the near future. The timelines for completing the contracting process are clearly stated in Schedule QF and all parties have sufficient advance notice of when a final contract will be available for execution.

7. *90 days prior notice before filing a complaint with the Commission is reasonable.*

In their comments REC/NIPPC object to an obligation to provide notice to the Company before filing a formal complaint with the Commission.[21] While REC/NIPPC state "there are many reasons for not providing notice" before filing a complaint, they do not actually state any. To eliminate this requirement in Schedule QF would allow QF developers to potentially flood the Commission with needless complaints that could have been easily resolved informally. Allowing an opportunity for informal dispute resolution with more senior members of each organization before the filing of formal complaints should be encouraged by the Commission.

8. *There is no reason or need to restate the Commission's regulations within Schedule QF.*

In their comments REC/NIPPC take issue that Schedule QF does not quote the Commission's regulation addressing formation of a legally enforceable obligation word-for-word.[22] The Commission's regulations are legally binding and speak for themselves. PacifiCorp's language in Schedule QF is fully consistent with the Commission's regulations, and it is not necessary to duplicate the entirety of a Commission's regulation in Schedule QF.

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PacifiCorp again thanks Commission Staff and stakeholders for their thoughtful comments in this proceeding. PacifiCorp has engaged meaningfully and in good faith with Staff and interested stakeholders throughout both this proceeding and the original rulemaking docket. The Company respectfully contends that its updated Schedule QF submitted November 19th fully complies with the Commission's updated regulations implementing PURPA. While PacifiCorp has expressed a willingness to extend proceedings to allow REC/NIPPC and other interested stakeholders more time to review and comment on the Company's proposed form of Standard QF PPA filed August 9, 2019, such further discussions in 2020 should not delay the effectiveness of PacifiCorp's tariff. The Company asks that Schedule QF be allowed to go into effect at the requested effective date of January 24, 2020.

Please direct questions to Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

[21] REC/NIPPC Comments, p. 17.
[22] REC/NIPPC Comments, p. 17.

Sincerely,

______/s/_______
Etta Lockey
Vice President, Regulation