



## **II. MOTION TO INTERVENE IN DOCKET ER20-294-000**

NIPPC is a not-for-profit trade association that advocates for competition in the power sector. NIPPC's members include independent power producers who develop and operate power plants, power marketers, and independent transmission companies. NIPPC members have collectively invested billions of dollars in existing generation resources in the United States and have substantial operating assets in the Northwest along with renewable and thermal projects in advanced stages of development, many of which are tied to or rely on PacifiCorp's transmission system for access to power markets. NIPPC's intervention in this proceeding is in the public interest. NIPPC's interests will not be adequately represented by any other party. Therefore, NIPPC respectfully requests that this motion to intervene be granted.

## **III. INTRODUCTION**

NIPPC is filing these Comments because it shares PacifiCorp's interests in reforming its Interconnection Queue processes. NIPPC supports making modifications detailed below in PacifiCorp's filing. PacifiCorp's proposed interconnection queue reforms would directionally represent an improvement over the status quo. As detailed in its filing, PacifiCorp is essentially unable to process customer requests for interconnection, let alone on any commercially reasonable timeline. PacifiCorp's proposal contains elements of interconnection queue reform proposals previously approved by the Commission that were submitted by the Public Service Company of Colorado ("PSCO" and the Public Service Company of New Mexico ("PNM"). NIPPC supports some elements of PacifiCorp's proposal, but has concerns that in at least one instance the proposed tariff language is unduly discriminatory. For several other issues,

NIPPC offers suggestions for additional provisions that will strengthen the argument that the proposal is superior to the *pro forma* Open Access Transmission Tariff (“OATT”). Finally, NIPPC urges the Commission - whether it approves PacifiCorp’s interconnection queue reform proposal or not - to direct PacifiCorp to undertake a stakeholder process to explore in more detail changes that PacifiCorp could make in its interconnection study assumptions and processes that will further reduce the costs and delays in processing interconnection study requests and reduce the costs faced by retail customers dependent on PacifiCorp’s transmission system and the generators who seek to serve those loads.

#### **IV. BACKGROUND**

On June 26, 2019, NIPPC filed comments in response to PacifiCorp’s Order No. 845 Compliance filing. In those Comments, NIPPC explained how one of PacifiCorp’s proposed business practices, Business Practice No. 73 (“BP-73”), which addresses how PacifiCorp will handle interconnection studies when PacifiCorp believes generation exceeds the load in its Balancing Authority Area (“BAA”), would, as a practical matter, shut down all new interconnections in PacifiCorp’s BAA. In urging the Commission to reject PacifiCorp’s Order No. 845 Compliance filing, NIPPC suggested a number of measures that PacifiCorp could take as alternatives to BP-73. Among the alternatives NIPPC suggested were:

- A review of modeling assumptions about future generation retirements, including retirements of PacifiCorp plants, particularly in light of recent state legislation mandating the phase-out of coal-fired resources and increased use of renewable and/or non-emitting generation;

- Development of a transparent model for identifying loads within PacifiCorp's BAA, including anticipated new loads and loads in geographic pockets, and a system impact model that reflected more accurate assumptions about future load. In particular, the model should recognize anticipated near-term growth of large loads like data centers which have created demand for significant new generation
- Development of a model that properly recognizes power demands and power flows outside the PacifiCorp BAA and accurately modeled the impacts of new load and generation on neighboring systems.
- Ensuring that the interconnection study and queue assumptions were consistent with PacifiCorp's Integrated Resource Plans.
- Ensuring that interconnection study and queue assumptions were consistent with known and reasonably projected demand in adjoining systems and markets, including retail electricity markets in all states that could reasonably be served by generation located in PacifiCorp's BAA.

The Commission, however, determined that PacifiCorp's BP-73 was beyond the scope of PacifiCorp's Order No. 845 Compliance Filing and declined to rule on NIPPC's suggestions.

Meanwhile, on July 19, 2019, PacifiCorp initiated a stakeholder process designed to develop a comprehensive interconnection queue reform process, which culminated in the queue reform proposal by PacifiCorp that initiated this docket. NIPPC participated in all phases of PacifiCorp's stakeholder process. NIPPC appreciated those opportunities to participate and comment on straw proposals. NIPPC believes the set of queue reforms

PacifiCorp has submitted to the Commission is an improvement over the status quo and an improvement over PacifiCorp's earlier straw proposals presented in its stakeholder process. NIPPC supports some of the elements of PacifiCorp's filing. NIPPC notes that major elements of the proposal come directly from reform proposals previously accepted by the Commission. Nevertheless, NIPPC notes that some specific elements of the PacifiCorp proposal deviate from similar reform efforts previously approved by the Commission and that those elements of the proposal are neither consistent with, nor superior to, the *pro forma* Open Access Transmission Tariff as discussed below.

**A. Timing of PacifiCorp's Queue Reform Proposal and Relationship to All-Source RFP**

NIPPC agrees with PacifiCorp that timing the Commission's approval of the Queue Reform Proposal to coincide with the timing of PacifiCorp's upcoming All-Source Request for Proposal ("RFP") for new generation resources is important. The opportunity to align the two discrete processes is a significant factor in gaining NIPPC's overall support for the proposal. PacifiCorp, however, limits its discussion of the linkage between its interconnection queue reform proposal and the RFP to simply urging the Commission to grant the requested April 1, 2020 date for the requested reforms. Otherwise there is no express linkage between the timing of the transition cluster to coincide with the timing of an RFP in 2020. Nor is there any linkage between prospective clusters and future RFPs. PacifiCorp's silence on this issue is a concern. NIPPC hopes that in any Answer to these Comments, PacifiCorp will make an express commitment to the Commission that the timing of the 2020 RFP will coincide with the proposed timing of the Transition Cluster. An alternative option would be to build more

flexibility into the proposed timeline providing PacifiCorp with a window to initiate the transition cluster between October 1 and December 31. Adopting this change would allow PacifiCorp more flexibility in the transition cluster timeline to accommodate state procurement processes.

**B. The pace of cluster studies should be more than once per year**

PacifiCorp proposes to hold annual cluster studies with an initial Cluster Request Window on April 1, 2021. The PSCO OATT, however, provides for cluster study windows twice per year (February 1 and August 1).<sup>4</sup> PacifiCorp's second revised straw proposal indicated PacifiCorp would conduct cluster studies every six months.<sup>5</sup> The first indication stakeholders had that PacifiCorp would propose to conduct cluster studies only once a year was in PacifiCorp's submittal to the Commission.

PacifiCorp seeks to justify its proposal to limit study cluster windows to one time per year because it has a larger system than transmission providers who are able to conduct cluster studies twice per year. PacifiCorp also suggests that the "increased interconnection demand" faced by PacifiCorp places strain on the study process.

NIPPC believes that the proposal to limit the number of cluster study windows to once per year is not consistent with, or superior to, the serial interconnection queue process set forth in the *pro forma* OATT. Even in its filing to the Commission, PacifiCorp indicates that it can complete the cluster studies within 150 days of the close

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<sup>4</sup> *Pub. Serv. Co. of Colo.*, 169 FERC ¶ 61,182 (Dec. 4, 2019), available at [www.oasis.oati.com/woa/docs/PSCO/PSCOdoks/FERC\\_Order\\_on\\_Tariff\\_Filing\\_12-04-2019.pdf](http://www.oasis.oati.com/woa/docs/PSCO/PSCOdoks/FERC_Order_on_Tariff_Filing_12-04-2019.pdf).

<sup>5</sup> PacifiCorp, PacifiCorp Generator Interconnection Procedure Reform (Second Revised Straw Proposal) at 12, available at [https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/PacifiCorp\\_Queue\\_Reform\\_-\\_Second\\_Revised\\_Straw\\_Proposal.pdf](https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/PacifiCorp_Queue_Reform_-_Second_Revised_Straw_Proposal.pdf)

of the window.<sup>6</sup> Furthermore, the whole point of moving away from serial queue processing to the proposed cluster study process (and the obligation of interconnection customers to establish commercial readiness as a pre-condition to being permitted to participate in a cluster) was to reduce the strain on PacifiCorp's study process. NIPPC agrees with PacifiCorp's rationale for establishing a Cluster Request Window on April 1 each year in order to align with the California Independent System Operator's (CAISO's) Interconnection Request process. But NIPPC suggests that customers who miss an April 1 Cluster Request Window but can establish commercial readiness by October 1 of the same year should not have to wait until April for the next Cluster Request Window. It also seems entirely speculative for PacifiCorp to assert that a single large annual cluster study will place less strain on the study process than two smaller cluster studies each year. Accordingly, NIPPC suggests modifying PacifiCorp's proposal to provide for two annual cluster studies, one on April 1 and one on October 1 of each year.

**C. The purchase order option to meet the commercial readiness criteria is discriminatory**

In its proposal, PacifiCorp would require interconnection customers to establish "commercial readiness" prior to qualifying for a cluster request window. Most elements of that requirement come directly from similar reforms previously proposed by PSCO and PNM and approved by the Commission. PacifiCorp, however, proposes to allow interconnection customers who are Load Serving Entities ("LSEs") with a self-build project to meet the commercial readiness criteria through demonstrating that the LSE has

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<sup>6</sup> *PacifiCorp*, Docket No. ER20-294-000, *PacifiCorp, Open Access Transmission Tariff Queue Reform Filing, Proposed Tariff Section 42.4* (Jan. 31, 2020).

a site-specific purchase order for equipment. NIPPC believes this provision was included at the request of non-jurisdictional consumer owned utilities dependent on PacifiCorp's transmission system. By its terms, however, PacifiCorp's proposed language would also apply to a self-build project proposed by PacifiCorp's merchant function. PacifiCorp suggests that this provision was previously approved by the Commission in PNM's queue reform proposal. Review of PNM's approved tariff language however provides that the purchase order option is available to all interconnection customers, not only to LSEs.<sup>7</sup> By making the purchase order option available to its own merchant function, but refusing to make that same option available to competing independent power producers, the proposal is discriminatory on its face. NIPPC encourages the Commission to require PacifiCorp to allow all customers - not only LSEs - to provide a site-specific purchase order to satisfy the commercial readiness requirements.

**D. Other Proposed Revisions would ensure the proposal is superior to the OATT**

For the most part, NIPPC supports PacifiCorp's proposed reforms. NIPPC also agrees that PacifiCorp's proposal is largely consistent with similar reforms proposed by PNM and PSCO and approved by the Commission. NIPPC, however, believes additional changes to the proposal would benefit transmission customers, PacifiCorp, and retail ratepayers and would ensure that the proposal is superior to the *pro forma* OATT.

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<sup>7</sup> Pub. Serv. Co. of New Mexico, Open Access Transmission Tariff, Attachment N, Section, Large Generation Interconnection Procedures, Section 7.2(f)(v), available at [https://www.oasis.oati.com/woa/docs/PNM/PNMdocs/20190812\\_OATT\\_Master\\_Tariff\\_from\\_Systrends.pdf](https://www.oasis.oati.com/woa/docs/PNM/PNMdocs/20190812_OATT_Master_Tariff_from_Systrends.pdf)

**1. The magnitude of the Proposed Deposit in lieu of commercial readiness is too high**

PacifiCorp's proposal includes an option that would allow interconnection customers seeking to enter a Cluster Request Window by making a refundable deposit in lieu of meeting one of the other specified commercial readiness criteria. NIPPC was among the stakeholders who championed this proposal in PacifiCorp's stakeholder process. NIPPC fully supports the inclusion of a deposit as one of the options to meet the commercial readiness requirement to enter a cluster. PacifiCorp, however, has proposed setting the deposit amount at \$3,000/MW. As PacifiCorp notes in its filing, PNM's deposit amount is only \$2,000/MW. PacifiCorp even indicates in its filing that it would be willing to accept a Commission determination that the \$2,000/MW amount was sufficient to ensure that only projects that were ready would enter a cluster request window. NIPPC urges the Commission to accept PacifiCorp's offer to establish the deposit in lieu of commercial readiness at the lower amount of \$2,000/MW.

**2. The proposal would be improved by allowing a permitted project to meet the commercial readiness criteria**

The overall thrust of the queue reform model that PacifiCorp proposes is to ensure that only projects that are ready actually enter the interconnection queue study process. PacifiCorp's proposed commercial readiness criteria are essentially a list of ways that customers can demonstrate that their generation project is sufficiently advanced in its development that the project is reasonably assured of moving towards commercial operation upon completion of the interconnection study process. Among the criteria that a customer can use to demonstrate commercial readiness are a term sheet or executed

contract for the purchase of the project or its output, and a site-specific purchase order for equipment. PacifiCorp also allows an interconnection customer to post a deposit in lieu of demonstrating it has met one of the specific readiness criteria.

NIPPC proposes an additional option for customers to use to establish commercial readiness. NIPPC suggests that projects that are fully permitted<sup>8</sup> under all applicable Federal, state or local permitting requirements have also established that they are sufficiently ready to move forward with the interconnection process and that they should be able to demonstrate commercial readiness should they choose to take the step of entering a Cluster Request Window. Under PacifiCorp's current proposal, a fully permitted project would be required to post a deposit of \$3,000/MW (or reduced to \$2,000/MW as requested above) in order to enter a Cluster Request Window despite having already invested the significant time and resources necessary to secure all of its required permits. Customers with fully permitted projects who feel confident enough to enter a cluster study and take the risk of the proposed withdrawal penalties should be allowed to do so without having to submit an additional deposit. Accordingly, NIPPC urges the Commission to direct PacifiCorp to adopt this modification to its proposal.

### **3. The proposal does not provide a path for certain Qualifying Facilities to obtain an interconnection study.**

NIPPC is also concerned with the impact of PacifiCorp's proposed Interconnection Queue Reforms on Qualifying Facilities ("QFs") under the Public Utility Regulatory Policy Act ("PURPA"). Throughout PacifiCorp's stakeholder engagement

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<sup>8</sup> For this purpose, fully permitted means that all Federal, state, or local agencies with responsibility for the siting of electric generation facilities have granted any permits that require public process or a change in land use.

process, NIPPC has consistently raised concerns that the queue reform proposals were inconsistent with PacifiCorp's state requirements for PURPA contracts. PacifiCorp requests that QFs provide evidence that any necessary interconnection studies and transmission arrangements have been completed prior to proceeding with the PURPA contracting process. A QF will be unable to provide evidence that interconnection studies have been completed, because the QF will not be able to obtain such transmission studies, because they likely not be able to demonstrate commercial readiness to obtain the interconnection studies. PacifiCorp's Interconnection Queue reform proposal would create an unreconcilable "Catch 22" in that a QF would be unable to negotiate a contract in the absence of a completed interconnection study; and at the same time would not be able to demonstrate commercial readiness in order to enter a Cluster Request Window (to receive a study) in the absence of having already negotiated a contract for the project's output. Accordingly, NIPPC requests clarification regarding how the commercial readiness criteria will apply to QFs under PURPA, PacifiCorp's commitment to a timeline of state filings for PacifiCorp to reconcile its PURPA procurement requirements with its Interconnection Queue reform proposal, or other actions to avoid this "Catch 22." NIPPC will review the filings of other commenters and intervenors and may make more specific recommendations later in this proceeding.

#### **4. Commitment to submit a report on the efficacy of the proposed changes**

NIPPC supports PacifiCorp' commitment to:

Fil(e) a report with the Commission within two years of the effective date of the enclosed tariff changes on the efficacy of the proposed changes. This informational report will include, among other things, a discussion on (1) the withdrawal penalty received, (2) the allocation of the withdrawal penalty, (3) the

number of withdrawals, and (4) the timeline for processing requests, and any other informational reporting conditions the Commission may deem appropriate in ruling on this filing.

NIPPC agrees that the information in this report will be critical in helping PacifiCorp, transmission customers and the Commission understand whether the reforms proposed in this docket are working as intended and whether further refinements are appropriate. NIPPC, however, encourages the Commission to expand the scope of the report as discussed below.

NIPPC notes that PacifiCorp is one of the leaders in developing a proposal that would extend the Energy Imbalance Market operated by the CAISO to the day ahead time frame (the Extended Day Ahead Market (“EDAM”) stakeholder process). The CAISO is also undertaking a stakeholder process to develop a day ahead capacity market (the Day Ahead Market Enhancement (“DAME”) process ). NIPPC notes that while the timelines for implementation of the DAME and EDAM processes remain subject to change, current timelines for development of those proposals would see both DAME and EDAM implemented in roughly two years. Given that the DAME and EDAM together would establish a voluntary day ahead market with a variety of capacity products and a voluntary day ahead energy market covering much of the Western Interconnection, it would be appropriate for PacifiCorp to revisit its interconnection queue processes in that filing to determine whether additional commercial readiness criteria are appropriate under the new market structures.

NIPPC also urges the Commission to require PacifiCorp to undertake a stakeholder process to review PacifiCorp’s various interconnection study models and assumptions with the goal of refining and rationalizing those models and assumptions.

As noted above in the discussion of the issues associated with PacifiCorp's BP-73, NIPPC believes that some of the assumptions PacifiCorp insists upon applying to its studies have contributed to the current stagnation of PacifiCorp's interconnection queue. NIPPC suggests that a robust stakeholder process in which PacifiCorp examines and reconsiders all of its interconnection study models and assumptions would lead to reduced complexity and more accurate results to the benefit of both interconnection customers and the load customers they serve. NIPPC suggests that the stakeholder review process should consider at least the following elements originally requested in NIPPC's Comments to PacifiCorp's Order No. 845 filing:

- A review of modeling assumptions about future generation retirements, including retirements of PacifiCorp plants, particularly in light of recent legislation adopted in several Western states mandating the phaseout of coal-fired resources and increased use of renewable and/or non-emitting generation;
- Development of a transparent model for identifying loads within PacifiCorp's BAA, including anticipated new loads and loads in geographic pockets, and a system impact model that reflected more accurate assumptions about future load. In particular, the model should recognize anticipated near-term growth of large loads like data centers, as has recently occurred in both central Oregon and central Washington, which have created demand for significant new generation.

- Development of a model that properly recognizes power demands and power flows outside the PacifiCorp BAA and accurately modeled the impacts of new load and generation on neighboring systems as well as the PacifiCorp system.
- Ensuring that the study and queue assumptions were consistent with PacifiCorp's Integrated Resource Plans.

NIPPC believes it would be appropriate for the informational report that PacifiCorp proposes to submit include a discussion of the results of the stakeholder process to review PacifiCorp's models and assumptions.

## **V. CONCLUSION**

NIPPC hopes that the Commission will approve PacifiCorp's proposed queue reform filing with the modifications outlined above. PacifiCorp's current interconnection queue process does not work for either PacifiCorp or its customers.

Respectfully submitted this 21st day of February, 2020.



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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Portland, OR this 21st day of February, 2020.



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