



June 15, 2020

**Northwest & Intermountain Power Producers Coalition’s Comments on the Oregon Public Utility Commission’s Implementation of Executive Order No. 20-04**

The Northwest & Intermountain Power Producers Coalition (NIPPC)<sup>1</sup> appreciates the opportunity to submit written recommendations to the Commission in response to the potential Commission actions in its May 15 Report with respect to Governor Brown’s Executive Order No. 20-04.

As a general matter, NIPPC believes that independent power entities are better positioned than incumbent utilities to identify, develop, and deliver the highest quality and least-cost generating resources to decarbonize Oregon’s electric power system while maintaining the integrity of the system.

NIPPC supports the Commission taking some of the selective steps outlined in its report in order to reduce greenhouse gas (GHG) emissions in Oregon, a critical goal that NIPPC shares with many market participants and stakeholders in the state.

NIPPC’s comments here are limited to reacting to the Commission’s May 15 report. As the report describes on page 4, the Commission’s schedule did not permit it to fully consider written comments submitted subsequent to stakeholder listening sessions in April. I therefore refer the Commission to comments NIPPC submitted on May 8 for more details on specific potential actions recommended by NIPPC. These actions relate to:

- 1) engaging more deeply with the Northwest Power Pool’s Resource Adequacy (RA) initiative;
- 2) facilitating the ease of initiating and completing state-jurisdictional interconnections under the Public Utility Regulatory Policies Act (PURPA);<sup>2</sup>

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<sup>1</sup> NIPPC represents competitive power participants in the Pacific Northwest. NIPPC members include owners, operators, and developers of independent power generation and storage, power marketers, and affiliated companies. Collectively, NIPPC represents over 4,500 megawatts of operating generation and an equal amount permitted or under development.

<sup>2</sup> Nearly all new PURPA projects being developed in Oregon are carbon-free. Supporting PURPA development can therefore accelerate GHG reductions. Specific PURPA-related actions the Commission

- 3) reconsidering the 1992 Oregon Department of Justice memorandum with respect to “Commission Authority to Consider External Environmental Costs”;
- 4) removing the perverse incentive in Oregon for electric utilities to build and own generation resources;
- 5) expanding customers’ options to accelerate decarbonization through the Direct Access program; and
- 6) revising the Commission’s mission statement with an explicit focus on environmental outcomes, including carbon reductions.

NIPPC is most encouraged by the following three potential Commission actions grouped under the heading “Evolution of Regulatory Framework” on pages 6-7 of the May 15 report. NIPPC urges the Commission to prioritize these activities.

**“Accelerating work to understand, consider, and plan for the regional resource adequacy impacts of GHG reductions, so that these changes can be confidently made while supporting system reliability”**

NIPPC believes that exploring the GHG reduction opportunities of a regional RA program, depending on the design of such a program, deserves consistent Commission attention in the coming months. NIPPC does not propose that such a program be based principally on GHG reductions, given the importance of RA for ensuring a reliable electric power system under all operating conditions and emission profiles. Nevertheless, a regional program could be a key tool for states seeking to decarbonize at the lowest cost by relying on a diverse geographic footprint of reliable resources, competitive mechanisms for allocating RA obligations, and clear price signals to developers of new resources.

Planning, financing, and constructing new resources to replace the existing dispatchable thermal resources scheduled to shut down in the region will require at least several years of lead time. The Commission’s accelerated engagement with the creation of a regional RA program will help support new resource development that will provide system reliability in the future.

Similarly, transmission projects, even more so than generation and storage resources, often require over a decade to complete. In the context of an RA program, as well as more broadly, NIPPC encourages the Commission to consistently evaluate upcoming transmission needs. Analysis of power deliverability, transmission congestion, and other system constraints under low carbon scenarios within Oregon and across the region should become a standard part of utility and Commission planning, including for a regional RA program.

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could undertake include increasing the term length of power purchase agreements (PPAs) and increasing the standard PPA size eligibility threshold.

**“Supporting development of regional electric markets that benefit consumers and reduce GHGs through access to a more diverse range of clean and renewable resources”**

NIPPC strongly agrees with this potential action. Regional diversity of resources and competitive price signals are a powerful combination to decarbonize faster and at a lower cost. The pursuit of GHG reductions limited to actions within a single state’s borders is an ineffective and expensive way to decarbonize. In this respect, the expansion of the Western Energy Imbalance Market and, potentially, the Day-Ahead Market operated by the California Independent System Operator, are directionally positive developments in Oregon. The experiences of NIPPC’s members with developing, marketing, and firming renewable energy, as well as wheeling power across interstate transmission lines, have all reinforced the value of state regulators in the West engaging with likeminded counterparts to forge new and larger regional markets. Reducing carbon emissions in Oregon should be inseparable from these actions.

**“Exploring performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions”**

As a general matter, NIPPC strongly supports the Commission undertaking performance-based ratemaking. The Commission can facilitate moving Oregon away from the long-standing utility business model that merely encourages more power sales and more capital expenditures. This model creates a perverse incentive in favor of utility resource ownership and is ill-suited to accelerate the development of clean, reliable, and renewable resources. Basing utility financial incentives on performance outcomes would be a welcome departure. As a participant in the Senate Bill 978 process in 2018, NIPPC notes the stakeholder record developed in that process that supported, among other potential actions, a commitment by the Commission to pursue performance-based ratemaking.

**Other topics**

Apart from these Commission actions to evolve the regulatory framework in Oregon, to the extent the Commission chooses to open proceedings to accelerate electrification of Oregon’s transportation infrastructure, NIPPC believes this is an underdeveloped policy area that is ripe for further Commission action.

In general, as the Commission starts considering selective actions to reduce GHGs, NIPPC encourages the Commission to direct staff to include a section in each relevant staff report that describes the potential GHG impact of a recommended action and any relevant implications for maintaining the integrity of the electric power system.

Finally, NIPPC encourages the Commission to consider seeking an increase in the size of its staff commensurate with the challenge of implementing the actions above. An appropriate place to start would be an identification of likely staffing needs and

measures the Commission could implement to continue attracting experienced personnel with relevant expertise.

Thank you again for the opportunity to comment on the Commission's May 15 report and potential actions to implement Executive Order No. 20-04.

Sincerely,

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Northwest & Intermountain  
Producers Coalition