



May 8, 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)¹ appreciates the opportunity to submit written recommendations to the Commission as it considers potential actions to implement 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 power system.

NIPPC’s comments here supplement its oral recommendations to Commission staff on April 28 that focused on (1) improving state-jurisdictional interconnection procedures for renewable energy projects and (2) encouraging the Commission to engage closely with discussions in the broader Northwest about forming a regional resource adequacy (RA) program.

With respect to resource adequacy, NIPPC believes that a robust venue for state regulatory oversight in implementing—and designing—an RA program is critical. The Southwest Power Pool’s experience with its active Regional State Committee is instructive. NIPPC understands that key participants in the regional RA discussion are not subject to, or subject to relatively little, oversight by state utility commissions or FERC. Moreover, states often disagree on energy policy. Nevertheless, the long-term success of a regional RA program depends on support and oversight (within their jurisdictions) from state regulators as a whole. Given this opportunity to create a reliable, affordable, and lower carbon resource adequacy solution than exists today, NIPPC encourages the Commission to closely engage with this initiative.

With respect to state-jurisdictional interconnection procedures, NIPPC notes the ongoing importance of Qualifying Facilities (QFs) under the Public Utility Regulatory Policies Act to continue reducing greenhouse gases in Oregon. Had more QFs been able to interconnect in Oregon in recent years, the state would have already moved further toward realizing the vision outlined in the Governor’s executive order.

¹ 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.

Beyond those two broad topics, NIPPC reiterates several of its key recommendations related to reducing greenhouse gases in the power sector that were submitted to the Commission with respect to Senate Bill 978 in 2018:

- (1) **The Commission should reconsider its restrictive view of its authority that is based on the 1992 Oregon Department of Justice memorandum with respect to “Commission Authority to Consider External Environmental Costs.”**²

Commission action generally, including in response to Senate Bill 978 in 2018, has relied heavily upon this memorandum. The memorandum is antiquated, unnecessarily restrictive, and should not be treated as sacrosanct. Furthermore, even as written, the memorandum does not preclude further discretionary action by the Commission that would lead to reductions in greenhouse gases in Oregon’s energy sector. NIPPC and other stakeholders have pointed out that the Commission already has some legal authority to address climate change, but has declined to do so. NIPPC reiterates its previous recommendation that the Commission reconsider what “safe and reliable” electricity service at “just and reasonable rates” means rather than constraining itself to the same restrictive view of its authority.

- (2) **The market, subject to commission oversight and a utility backstop, should meet the utilities’ future generation requirements.**³

NIPPC’s primary recommendation is to remove the perverse incentive of the investor-owned utilities (IOUs) to build and own generation resources. The Commission can achieve this with or without legislative action, in directing the IOUs to rely upon the market to meet long-term power requirements. Such a policy would lower capital costs to ratepayers by tapping into robust competition amongst independent power producers (IPPs) and the unprecedented innovation in renewable generation, storage, and distributed generation they bring to the power sector. Repositioning the utilities’ role in resource acquisition will do more than protect ratepayer interests, it will economically and rapidly advance Oregon’s move to a decarbonized energy economy.

In a “market first” future, the Commission would continue to review and acknowledge the IOUs’ least cost and least risk plans, allowing the IOUs to retain ownership of their existing generation assets. The Commission would then oversee competitive procurements where IPPs exclusively compete against one another to ensure that ratepayers obtain the best deal. Only in extraordinary circumstances could the IOUs petition the Commission to endorse their acquisition of capacity—either to maintain system reliability in exigent circumstances or secure a “deal” if a resource is well below market value.

² NIPPC, Renewable Energy Coalition, and Community Renewable Energy Association SB 978 Joint Comments (August 30, 2018), p. 5.

³ NIPPC’s SB 978 Comments (July 10, 2018), p. 3-4.

(3) Commercial and industrial customers should be allowed the freedom to choose their power supplier to increase renewable acquisitions and lower power costs for all customers.⁴

NIPPC does not believe additional statutory changes are necessary; the Commission only needs to fully implement existing law (namely, SB 1149, passed in 1999). The Commission should address the pursuit of direct access driven by commercial and industrial businesses seeking to lower costs and carbon emissions. Direct access allows customers who have goals to secure carbon-free resources above and beyond the existing renewable portfolio standard if that is a corporate objective, thereby advancing meaningful and lower cost decarbonization. Direct access is a critical tool to accelerate Oregon's reduction of greenhouse gases. Now is the time to facilitate progress, which the Commission should pursue promptly, recognizing the ongoing proceedings in UM 2024.

(4) The Commission's mission statement and goals should be expanded.⁵

The Commission should lead and implement a re-conception of its mission statement. Specifically, NIPPC recommends that the Commission's mission be expanded to include an explicit commitment to environmental protection beginning with carbon reduction, and enhancement of a healthy economy by driving the cost of power and associated emissions as low as possible. The Commission should be enabled to achieve these goals by stimulating innovation and promoting competition.

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

Sincerely,



Spencer Gray
Executive Director
Northwest & Intermountain
Producers Coalition

⁴ Ibid., p. 4-5.

⁵ Ibid., p. 8-9.