



October 15, 2020

J. P. Batmale
Division Administrator
Energy Resources and Planning Division
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

Dear Mr. Batmale:

The Northwest & Intermountain Power Producers Coalition (NIPPC)¹ welcomes the early evidence in PacifiCorp's ongoing All-Source Request for Proposals (RFP) of a robust supply of renewable and storage projects under development in the region. Based on documents presented by PacifiCorp and the RFP's independent evaluator, PA Consulting, it appears that 43 bidders submitted 275 base bids to fill a preferred portfolio in PacifiCorp's 2019 Integrated Resource Plan of 4,338 MW of new resources.² Those bids collectively represent over 40 GW in various combinations of potential new projects in the region.³

In that context, NIPPC writes with respect to PacifiCorp's transition from a serial interconnection process to a cluster study process and the effect of that transition on this RFP. While NIPPC had some concerns with elements of PacifiCorp's interconnection reforms approved by the Federal Energy Regulatory Commission (FERC) earlier this year⁴, NIPPC was broadly supportive of moving to a cluster study process. Dysfunctional interconnection queues have impaired market solutions in the

¹ NIPPC is a trade association representing over 4,500 megawatts of operating generation and an equal amount permitted or under development in the Northwest. NIPPC is committed to fair and open-access transmission service, cost effective power sales, consumer choice in energy supply, and fair, competitive power markets in the Northwest and adjacent markets.

² *In re PacifiCorp, dba Pacific Power Application for Approval of 2020 All-Source Request for Approval*, OPUC Docket 2059, PA Consulting Group Independent Evaluator's Status Update of PacifiCorp's 2020AS RFP at 5, 7 (Sept. 10, 2020), available at <https://edocs.puc.state.or.us/efdocs/HAH/um2059hah112639.pdf>.

³ PacifiCorp presentation at Public Utility Commission of Oregon Special Public Meeting ("PacifiCorp September 22 Presentation"), Agenda Item RA1, Docket No. UM 2059: PacifiCorp 2020 All-Source Request for Proposal at 13 (Sept. 22, 2020), available at <https://edocs.puc.state.or.us/efdocs/HAH/um2059hah9286.pdf>.

⁴ *PacifiCorp*, 171 FERC ¶ 61,112 (2020).

past. NIPPC also acknowledges the challenge of winnowing initial bids down to the most competitive projects, given the limited amount of interconnection available on parts of PacifiCorp's system.

NIPPC recognizes that the data supplied to the Public Utility Commission of Oregon ("Commission") by PacifiCorp on slide 11 of its presentation at the special public meeting on September 22 was of a preliminary nature.⁵ It is used here understanding that caveat.

NIPPC urges the Commission and the RFP's independent evaluator, during this critical period before the start of the transition cluster study, to seek answers to three questions with respect to PacifiCorp's plan to address executed interconnection agreements:

1) Prior to the Commission meeting on September 22, was PacifiCorp's plan to populate the initial shortlist with a silo for bids with large generator interconnection agreements (LGIAs) and a silo for bids without LGIAs sufficiently communicated to stakeholders and the Commission?

NIPPC acknowledges that PacifiCorp extensively discussed the unique interconnection situation of eastern Wyoming and projects dependent on the Gateway South transmission project, including in the interconnection reform proceeding at FERC. But the September 22 presentations to the Commission made clear that PacifiCorp plans to use a silo approach to populate the initial shortlist (and thus the transition cluster study) for transmission zones across its entire system. In other words, PacifiCorp plans to silo 4,515 MW of eligible capacity for projects with LGIAs, leaving all projects without an LGIA to compete for a remaining 2,983 MW of capacity. This bottleneck will apparently result in excluding 15,198 MW of otherwise eligible projects from inclusion on the initial shortlist.⁶

During the September 22 meeting, PacifiCorp staff described the need to honor executed LGIAs as a firm reservation of available interconnection capacity and described the process of siloing projects with and without an LGIA as overlaying "a kind of cookie cutter" on all eligible bids.

NIPPC does not propose that PacifiCorp not respect the interconnection rights of developers with LGIAs. Indeed, NIPPC opposed PacifiCorp's initial straw proposal to abrogate existing LGIAs.⁷ Rather, NIPPC requests additional explanation of whether these planned strict silos were sufficiently communicated by PacifiCorp in this RFP. The possible lack of clarity and public discussion may have affected the bidding behavior of some project developers. Ambiguity of this sort can lead to confusion, distrust, and weaker competitive outcomes.

⁵ PacifiCorp September 22 Presentation at 11.

⁶ *Ibid.*

⁷ NIPPC Comments on PacifiCorp Interconnection Queue Reform, November 11, 2019, available at http://www.oasis.oati.com/woa/docs/PPW/PPWdocs/NIPPC_PAC_GIQ_Reform_NOV11final.pdf.

2) As a contingency, is it appropriate to include a greater number of bids on the initial shortlist and in the transition cluster study than PacifiCorp has indicated will be included?

NIPPC acknowledges PacifiCorp's explanation that all projects on the initial shortlist will still ultimately compete on price and project costs in order to be selected for the final shortlist. During the September 22 Commission meeting, PacifiCorp staff described a useful illustrative example of hypothetically expensive bids (\$800/MWh) submitted by all the projects with signed LGIAs in southern Oregon (593 MW). This purely hypothetical example would result in none of the projects being selected by PacifiCorp's bid evaluation models because the bids would be uneconomic.

PacifiCorp explained further that this outcome would not lead to other bids being evaluated to possibly "backfill" the rejected bids with LGIAs in this transmission zone. In other words, the 160 MW siloed in the initial shortlist for projects without LGIAs in southern Oregon would remain the same. The 1,080 MW of projects excluded from the initial shortlist in this zone because of the relatively small size of the non-LGIA silo (160 MW) would remain excluded.⁸

NIPPC suggests that upon the conclusion of the transition cluster study, commercial negotiations may in fact be possible between developers with LGIAs, developers without LGIAs, and/or PacifiCorp, with respect to the existing interconnection rights on the system associated with projects that PacifiCorp's bid evaluation models reject. These negotiations could conceivably free up some currently reserved interconnection capacity that would otherwise go unused. This possibility suggests that including more projects without an LGIA on the initial shortlist would be an appropriate contingency to maximize the effect of this RFP. If this action is not taken, then one or more subsequent RFPs will be necessary to re-evaluate the excluded projects.

In addressing this question, NIPPC also recommends that the Commission request and review the full set of bids and bid evaluations from PacifiCorp in order to reach its own conclusions about the potential effect on consumers of excluding so many otherwise eligible projects that lack interconnection agreements. This review could also inform the Commission in preparation for future utility procurements, in particular if the Commission also analyzes the results of the transition cluster study once it is completed.

⁸ Nameplate capacity figures are again from PacifiCorp September 22 Presentation at 11.

3) What is PacifiCorp’s rationale for how it re-allocated the amount of nameplate capacity to be included on the initial shortlist within each oversubscribed topology zone on its system?

With apparently fewer bids than the RFP’s “soft” limit (150 percent of the identified interconnection capacity) in four zones, PacifiCorp’s presentation shows an effective “plus-up” of total initial shortlist eligibility in other zones. As PacifiCorp emphasized during its oral explanation, this adjustment results in approximately the same aggregate project capacity (7,398 MW) as the aggregate “soft” limit (7,049 MW). As a general matter, NIPPC supports erring on the side of including more potentially competitive projects in an initial shortlist and appreciates PacifiCorp’s decision in that regard. But it was unclear from the discussion why, for example, eligible capacity in the northern Utah zone is 178 percent higher than the initial “soft” limit (1,436 MW versus 515 MW), whereas in central Oregon it is only 6 percent higher (478 MW versus 450 MW).⁹

Thank you for considering these important questions and for your work to ensure that utility procurement in Oregon remains competitive.

Sincerely,



Spencer Gray
Executive Director
Northwest & Intermountain
Power Producers Coalition

⁹ *Ibid.*