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**July 9, 2021**

**Executive Director’s Report**

**Agenda -** This month’s meeting includes three presentations and conversations:

> **Senator Bill Hansell -** Senator Hansell is serving his second term as a State Senator District 29. Senator Hansell previously served for 30 years as a Umatilla County Commissioner including a year as President of the National Association of Counties (NACo)

> **Elaine Albrich -** Attorney with Davis Wright Tremaine. Elaine has represented renewable energy interests including Obsidian and RNW. She was closely involved in the work on HB 2329 (2019) regarding solar siting. Elaine (or a colleague) will brief us on the Crook Co. v. ODFW appeal.

> **Max Greene** - Policy Coordinator. Renewable Northwest (RNW). Max will speak to us about the Oregon 2021 Legislative Session,lLand use, implementation of HB 2021B and future RNW work.

**HB 2021B - Conclusion: Clean Energy Pathways Study** (see complete report in links mail)

“As the Oregon Clean Energy Pathways study was concluded, the Oregon State Legislature passed HB2021, a clean energy standard requiring Oregon utilities to achieve full decarbonization by 2040 and meet two interim goals along the way: 80% reduction by 2030 and 90% reduction by 2035.

This study demonstrates that Oregon can meet the near-term goals established by HB2021 by eliminating coal from its resource mix. The 2040 goal will be met with a mix of new renewable resources, including offshore wind, investment in electrification and demand side resources, as well as regional cooperation to ensure the geographic diversity benefit of renewable generators can be fully realized.

Nearby states in the region will rely on Oregon’s rich and diverse resource mix to help meet their clean energy standards and carbon emission reduction targets which, in turn, will result in additional economic benefits for Oregon as an energy exporter.

Transmission capacity was identified as a clear challenge the state will face in the near future. Oregon is not unique in this regard and will need to work cooperatively with neighboring states to plan for regional transmission solutions.”

**AOC Report -** AOC staff will be at the national conference of counties in DC, unable to attend CREA Executive Committee Meeting.

Attached is a summary of the 4 energy-related bills on which the AOC Transportation & Community Development Steering Committee recommended positions of support.

The Natural Resources Steering Committee recommended positions on:

* [HB 3221](https://olis.oregonlegislature.gov/liz/2021R1/Measures/Overview/HB3221%25252523) - Creates the Oregon Renewable Options Program under the direction of the PUC.
  + Died in Ways & Means subcommittee
* [HB 2143](https://olis.oregonlegislature.gov/liz/2021R1/Measures/Analysis/HB2143) - Changes the annual fee for hydroelectric projects. Establishes a fee computation methodology for hydroelectric projects, including a methodology for projects that divert water from a point on a river that forms a border with another state. Changes the annual relicensing and reauthorization fee for claimants other than a license holder to match annual fee for other hydroelectric projects. Changes timing requirement to at least once every eight years for appointment of panel to review the hydroelectric project fee amount
  + Passed

Attached is a summary of the 4 energy-related bills on which the AOC Transportation & Community Development Steering Committee recommended positions of support (sent separately as file) bills passed:

SB 154 - Solar PILoT

SB 333 - Renewable Hydrogen Study

HB - 2109 - Land Use notice fix

HB 2021B - 100% Clean

**West Prineville Solar/Crook Co. v. ODFW**

CREA Executive Committee asked for an investigation into this Land Use Board of Appeals (LUBA) decision which remanded the conditional use approval by Crook County of a 654 acre solar project northwest of Prineville. This project was sited through the county process under ORS 215.446 HB 2329 (’19) which authorized counties to site solar projects between 321 acres and 1920 acres with “consultation” with Oregon Department of Fish & Wildlife (ODFW.) ODFW appealed Crook County Court’s approval of the CUP on the grounds that 1) Crook County improperly construed the law 2) The approval was not supported by adequate findings or substantive evidence 3) And there was not an adequate opportunity for public participation.

West Prineville Solar (NewSun) have indicated they will appeal the LUBA decision. Oregon Solar & Storage Industries Association (OSSIA) is preparing to join in an amicus and would like CREA to join them. I spoke to Crook County Judge Seth Crawford and county planner Ann Beier and both would appreciate CREA support. Renewable NW may also join in the appeal as a “friend” of the appellant (I hope Max can explain their position). I communicated with AOC about their position. Rob Bovett surveyed the county counsels and they did not support AOC filing an amicus (It’s AOC BOD’s final decision). Rob and Mallorie are continuing to look at the case and see if AOC can be involved. I believe along with others (like Elaine Albrich) that this is a question of county authority and legislative intent. The question is: what must a mitigation plan include to show that ODFW has been adequately “consulted?” The situation is further complicated by the fact that the county is required to make a decision within 150 days of application.

**Action requested:**

**Authorize CREA to join Crook Co., NewSun and OSSIA in appeal of LUBA Decision**

Meanwhile, I spoke with ODFW Director Curt Melcher about creating a workgroup to better understand ODFW’s policies around mitigation for these renewable projects sited by the county. He agreed and connected me to Sarah Reif, Energy Policy coordinator at ODFW. She would like to try out a new presentation she is working on concerning mitigation and get our feedback. We will meet July 26, 10-12 virtually. I also spoke with ODFW Commissioner Mark Labhart about participating at some point.

So far, I have invited Commissioners Don Russell, Les Perkins and James Williams; planners Ann Beier (Crook Co.) and Tamra Mabbott (Morrow Co.), Mallorie Roberts of AOC and Angela Crowley-Koch of OSSIA. I expect this will take more than one session and we may need to expand the roster.

**OPUC Activities in June**

**UM 1728 - PGE Schedule 201 QF update**

The dispute is about the Estimated Load Carrying Capacity (ELCC) for solar (value to the energy supply for PGE) and how that value should be modeled and measured. Staff proposed lowering from 15.8% to 8.5%.

“All QF Parties argue that the Qualifying facility (QF) online assumptions in the baseline solar forecast were unreasonable and additional analysis should be performed to more accurately incorporate QF success rates. In other words, PGE moved too far along its ELCC curve in its update.”

“CREA, NewSun, and OSSIA also argue that PGE’s ELCC’s curve itself is flawed because the Company’s solar generation characteristics underrepresent solar capacity contribution. Specifically, QF parties identified the following concerns with PGE’s solar generation characteristics: stale assumptions about solar technology and project design, lack of consideration for geospecific locations and diversity benefits, lack of transparency into PGE’s vendor-supplied data, concerns over PGE’s solar outage assumptions, and inconsistency with self-reported generation data from NewSun- developed QFs during certain loss of load hours.

The QF parties argue that, but for PGE’s QF assumptions in baseline solar forecast and the solar generation characteristics, ELCC values would be much higher,”

“Renewable Energy Coalition (REC) and Northwest & Intermountain Power Producers Coalition (NIPPC) argue that the Commission reject PGE’s proposed pricing and order PGE to: 1) adopt reasonable assumptions regarding QF contracts; and 2) revise its avoided cost pricing accordingly. CREA, OSSIA, and NewSun recommended the Commission reject PGE’s filing until PGE updates the QF forecast and solar generation characteristics for the baseline solar forecast and marginal resource based on additional analyses with stakeholder input—either now or in the next IRP.”

“For the purposes of reaching consensus among parties, PGE has agreed to incorporate Staff’s recommended 8.5 percent ELCC into its avoided cost pricing. PGE indicated that an 8.5 percent ELCC would be affected by removing approximately 85 MW of solar resource additions from its baseline. The Table 3 depicts the shift to 8.5 percent solar ELCC as the starting point for QFs entering into non-standard contracts with the proposed prices and the declining value for incremental additions thereafter. REC/NIPPC agreed to support an 8.5 percent ELCC conditioned on PGE’s agreement to perform a QF forecast sensitivity analyses in advance of the 2022 IRP. PGE agreed to perform the recommended QF sensitivities analyses as described in Staff’s recommendation. Parties to the settlement, PGE, REC and NIPCC, also agree the 8.5 percent solar ELCC will be the starting point for developing Schedule 202 pricing. As such, PGE will reduce the 2019 IRP Update Baseline Portfolio by 85 MW for the purposes of this settlement.”

**Commission decision:**

**“Approve Portland General Electric’s filing to update Schedule 201, avoided cost payments to QFs, with a modified ELCC value for solar resources and require PGE to perform additional analyses related to QF forecasts and solar generation profiles to inform future planning and avoided cost matters…”**

**UM 2011 OPUC General Capacity Investigation**

“This investigation set out to develop “a common framework of understanding by parties and stakeholders of appropriate assumptions to value capacity. Staff envisions this investigation resulting in the establishment of a methodology that looks to the characteristics of capacity a resource provides. This methodology could then be used across multiple dockets and technologies for valuing capacity brought to the electric system.” How capacity is defined and valued will play a central role in developing an energy system for Oregon that is able to respond to and benefit from the rapid changes occurring in the electricity sector globally and regionally.”

OPUC Staff Memo for Workshop on June 29:

1. Stakeholder discussion of technical aspects of hybrid resources

a. How do utilities currently model hybrid and storage resources?

b. What hybrid resources to consider? Common definition of hybrid resources?

c. What concerns do stakeholders have with regards to modeling hybrid resources?

d. Accounting for synergistic pairings and diversity benefits

e. Modeling considerations including but not limited to

i. Grid charging

ii. Interconnection

iii. Cycling limitations

iv. Storage duration

v. Storage performance modeled using a time sequential ELCC model

vi. Use of storage

vii. Other considerations

2. Next steps, hybrid resources straw proposal

Value of capacity straw proposal circulated by Staff in advance of July 15, 2021 Workshop

**On 5/20/21 CREA was accepted as an intervenor**

**UM 2032 - PURPA Implementation - Investigation into Treatment of Network Upgrade Costs for Qualifying Facilities.**

**Issues raised by CREA, NIPPC and REC**

1. The interconnection customer’s option to build (or hire third parties to build) interconnection

facilities and network upgrades;

2. The interconnection customer’s opportunities to hire third parties to perform interconnection

studies; and

3. A process through which an interconnection customer may challenge utility cost estimates

and propose alternatives.

**Status: Docket stayed 1/21/21, NewSun filed motion to compel discovery, Response due 7/20/21**

**AR 631 - PURPA Implementation - PURPA contracting process and PPA terms**

Staff recommends the Commission approve the scope and process of the investigation into PURPA implementation in Oregon contained in Staff’s white paper included as Attachment A. Staff recommends that the Commission adopt Staff’s proposal through the following actions:

• Open a rulemaking to address templates for standard avoided cost inputs and outputs; • Open a rulemaking to address procedures, terms and conditions associated with QF

standard contracts;

• Open a rulemaking led by the Administrative Hearings Division to address dispute

resolution for PURPA contracts;

• Open a separate docket to investigate the treatment of network upgrade costs for QFs; • Open a separate docket to investigate the treatment of QFs in the utility IRP process;

• Develop and release an RFP to help expedite the avoided cost methodology

investigation by providing research and recommend improvements to Oregon’s QF avoided cost methodology and process.

Staff recommends all issues not listed above continue to be addressed in Docket No. UM 2000.

**Staff’s 2021 PURPA Docket Strategy**

1. **AR 63**1 contract terms will inform UM 2038 discussion of how utilities plan for QFs to come online and renew. UM 2038 will launch at the conclusion of the AR 631 informal phase.

2. **UM 2032** outcomes will inform avoided interconnection and transmission cost discussions in UM 2000. However, due to the number of other issues in UM 2000, scoping and workshops can begin prior to a UM 2032 decision.

3. **UM 2011** capacity valuation methodology will inform how UM 2000 compensates QFs for capacity. Similar to **UM 2032,** scoping discussions and workshops in UM 2000 can begin prior to a final UM 2011 decision.

4. The capacity valuation modeling identified in UM 2011 will inform **UM 2038** requirements for how utilities plan for QFs in the IRP. Scoping discussions in 2038 do not need to wait for the UM 2011 decision.

1 **Commission Order No. 19-254.**

2 Staff proposes that PAC change timing of its annual avoided cost price update from May 1 to later in the year so that any price change does not occur during PAC’s 2021 Annual Cluster Study.

**UM 2108 - Petition for Judicial Review - PacificCorp Queue Reform Proposal By REC, NIPPC, CREA and OSSIA**

**Order No. 20-268** approved with modifications Applicant-Respondent's application for reform of the procedures by which it is authorized by the Public Utility Commission to administer and process requests from small renewable energy generators to interconnect to its electrical system. **Order No. 20-465 denied** Petitioners' applications for rehearing and/or reconsideration of Order No. 20-268.

**Response of AG Rosenblum:**

Petitioners are incorrect that the underlying proceeding was a contested case proceeding. Accordingly, this court lacks jurisdiction to review this matter, and the petition for judicial review should be dismissed.

**Current: Petitioners are seeking review in circuit court**

**CREA’s next Executive Committee Meeting tentatively scheduled for Friday, August 13, 2021 from 10am - 1pm.**