

Docket No. UM 1802
Exhibit PAC/302
Witness: Daniel MacNeil

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

PACIFICORP

Exhibit Accompanying July 2017 Opening Testimony of Daniel MacNeil

Oregon Non-Standard Avoided Cost Rates Business Practices

July 2017



PACIFIC POWER

QUALIFYING FACILITY

PRICING STATUS MANAGEMENT BUSINESS PRACTICES

FOR

OREGON NON-STANDARD AVOIDED COST RATES

PREFACE:

These Business Practices are applicable to proposed Qualifying Facilities (QFs) in all territory served by the Company in the state of Oregon, including QFs that may be physically located (in whole or in part) outside of the Oregon state boundary but have a proposed point of interconnection located in the state of Oregon. Once a QF owner provides PacifiCorp Energy Supply Management (PacifiCorp ESM) all information described in Pacific Power's Oregon Non-Standard Avoided Cost Rates, Qualifying Facilities Contracting Procedures (Qualifying Facilities Contracting Procedures), Section B.1.a through j, such QF project will become a "**Pending QF Facility**" for purposes of these Business Practices until such time as a QF power purchase agreement (PPA) has been executed between PacifiCorp ESM and the QF owner. Any time a QF project loses its status as a "Pending QF Facility" under these Business Practices (as described below), the owner of such QF project must re-apply for indicative avoided cost pricing as set forth in Pacific Power's Qualifying Facilities Contracting Procedures, Section B.1.a through j.

These Business Practices are independent of and unrelated to the interconnection and transmission services procedures maintained and administered by PacifiCorp Transmission Services. The generation interconnection process is a critical and often lengthy process that typically must be well underway before a PPA should be requested in order for the QF owner to understand and align the in-service date of interconnection with the proposed PPA. QF owners are strongly encouraged to gain a clear understanding of the transmission interconnection process and associated costs and timelines before requesting indicative pricing under the Qualifying Facilities Contracting Procedures or these Business Practices.

QUALIFYING FACILITY PROCEDURES:

1. **Request for Proposed Power Purchase Agreement.** A QF owner will have sixty (60) days following its receipt of the indicative pricing in accordance with the Qualifying Facilities Contracting Procedures, Section B.2, to request in writing

DATED: June 12, 2017



that a draft PPA be prepared to serve as the basis for negotiations between the parties. Consistent with the Qualifying Facilities Contracting Procedures, Sections B.3 and B.4, such written request from the QF owner will not be deemed sufficient unless it includes (or PacifiCorp ESM has already been provided) the additional information described in Section B.3.a through f. of the Qualifying Facilities Contracting Procedures. If such written request is not timely submitted and compliant with Sections B.3 and B.4 of the Qualifying Facilities Contracting Procedures, the QF project will lose its status as a Pending QF Facility under these Business Practices and the indicative prices previously provided to the QF owner will no longer be valid.

2. **QF Owner's Initial Comments and Edits to Draft Power Purchase Agreement.** If a QF owner has not, in accordance with the Qualifying Facilities Contracting Procedures, Section B.5, prepared and provided to PacifiCorp ESM an initial set of written comments and proposals regarding the draft PPA within thirty (30) days of receiving the draft PPA, the QF project will lose its status as a Pending QF Facility under these Business Practices and the indicative prices previously provided to the QF owner will no longer be valid.
3. **Required Pricing Update.** The prices in the draft PPA provided by PacifiCorp ESM to the QF owner in accordance with the Qualifying Facilities Contracting Procedures, Section B.4, will be recalculated using the most recent available pricing inputs and methods approved by the Oregon Public Utility Commission (Commission) if the QF owner and PacifiCorp ESM have not executed a PPA within six (6) months after indicative pricing was provided by PacifiCorp ESM under the Qualifying Facilities Contracting Procedures, Section B.2, except to the extent delays are caused by PacifiCorp ESM's actions or inactions, which may include delays in obtaining legal, credit or upper management approval by the Company.
4. **Removal from Status as Proposed QF.** If any of the following occurs with respect to a Pending QF Facility at any time during the process outlined in the Qualifying Facilities Contracting Procedures, Sections B.2 through B.5, the QF project will lose its status as a Pending QF Facility under these Business Practices and any associated indicative prices, proposed prices or proposed terms and conditions within the draft PPA will no longer be valid:
 - a) A material change in the point of interconnection;
 - b) A change in design capacity of 10% or more of the original specified design capacity;
 - c) A change in generation technology (i.e. solar, wind, thermal), including a change between fixed tilt and tracking solar projects, provided that changes in the quantity and timing of monthly power deliveries will not cause a QF project to lose its status as a Pending



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- QF Facility under these Business Practices) so long as the basic generation technology and design capacity have not changed;
- d) A change of more than three (3) months in the anticipated commercial operation date specified in the information provided by the QF owner under the Qualifying Facilities Contracting Procedures, Sections B.1.e or B.3, regardless of whether such change extends or advances the anticipated commercial operation date; or
 - e) A PPA has not been executed by both parties within five (5) months after the proposed PPA was provided by PacifiCorp ESM to the QF owner, except to the extent delays are caused by PacifiCorp ESM's actions or inactions.