

March 13, 2020

VIA ETARIFF

The Honorable Kimberly Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: *PacifiCorp*, Docket No. ER20-924-000
Response to Deficiency Letter and Request for Shortened Comment Period**

Dear Secretary Bose:

PacifiCorp respectfully submits this response to the March 6, 2020 deficiency in the above-referenced proceeding regarding PacifiCorp's interconnection queue reform proposal.¹ PacifiCorp respectfully requests a shortened comment period of no more than 10 days on this deficiency response, to allow the Federal Energy Regulatory Commission ("FERC" or "Commission") to consider these issues and issue an order as close to April 1, 2020 as possible.

To the extent not addressed by Staff's questions, PacifiCorp also takes this opportunity to respond to issues raised by certain commenters in this proceeding.² The significant majority of comments on the queue reform proposal support its timely adoption. While many comments filed propose various changes to the implementation details of queue reform (which PacifiCorp will address herein),³ only one entity (the Solar Energy Industries Association, a trade association

¹ PacifiCorp, Revisions to Generator Interconnection Procedures (Jan. 31, 2020), eLibrary No. 20200131-5112 ("PacifiCorp Queue Reform Filing").

² To the extent necessary, PacifiCorp respectfully requests leave to respond to certain comments filed in this proceeding. The Commission routinely allows answers to comments where they will aid the Commission's decision-making process, clarify the issues before the Commission, or where the answer will assure a complete record in the proceeding. See, e.g. *E.ON U.S. LLC*, 134 FERC ¶ 61,167, at P 7 (2011); *EnerNOC, Inc.*, 134 FERC ¶ 61,158, at P 15 (2011); *Cal. Indep. Sys. Operator, Corp.*, 134 FERC ¶ 61,140, at P 4 (2011); *Transcon. Gas Pipe Line Co.*, 130 FERC ¶ 61,019, at P 9 (2010); *Pac. Interstate Transmission Co.*, 85 FERC ¶ 61,378, at 62,443 (1998), *order on reh'g*, 89 FERC ¶ 61,246 (1999). PacifiCorp's response to comments will clarify certain aspects of PacifiCorp's Queue Reform Filing, and will assist the Commission in its evaluation of the company's proposal.

³ Comments submitted in this proceeding include the following: Comments of the Coalition of Advocates for Entrepreneurial Clean Energy (Feb. 21, 2020), eLibrary No. 20200221-5217; Comments of the Renewable Energy Coalition and Community Renewable Energy Association (Feb. 21, 2020), eLibrary No. 20200221-5210 ("REC/CREA Comments"); Initial Responsive Comments of the Interwest Energy Alliance (Feb. 21, 2020), eLibrary No. 20200221-5209 ("Interwest Comments"); Response of BayWa, r.e. (Feb. 21, 2020), eLibrary No. 20200221-5202 ("BayWa, r.e. Comments"); Motion to Intervene and Comments of Enyo Renewable Energy (Feb. 21, 2020), eLibrary No. 20200221-5201 ("Enyo Comments"); Comments of Renewable Northwest (Feb. 21, 2020), eLibrary No. 20200221-5175 ("Renewable Northwest Comments"); Motions to Intervene and Comments of BluEarth Renewables US LLC and Innergex Renewable Energy, Inc. (Feb. 21, 2020), eLibrary No. 20200221-5173 ("BluEarth/Innergex Comments"); Motion to Intervene and Comments of the Northwest and Intermountain Independent Power Producers Coalition (Feb. 21, 2020), eLibrary No. 20200221-5172 ("NIPPC Comments"); Comments of Oregon Public

that did not participate in the stakeholder process) urges the Commission to reject the proposal.⁴ Of the suggested changes, there is little uniformity, signaling that PacifiCorp's thorough stakeholder process yielded a queue reform proposal that struck a careful balance among competing interests and is just and reasonable. In addition to accepting its queue reform proposal, PacifiCorp urges the Commission to accept PacifiCorp's pledge to submit a detailed two-year report evaluating the success of the queue reforms and determining whether any further changes must be made.

I. Response to Deficiency Letter

1. *The Public Utility Regulatory Policies Act of 1978 (PURPA) requires non-discriminatory access for Qualifying Facilities (QF). Please explain how the revised interconnection procedures comply with the requirements of PURPA.*

a. Explain how PacifiCorp's proposed interconnection procedures would interact with state interconnection procedures for QFs in each state in which PacifiCorp operates.

PacifiCorp maintains a single interconnection queue for state- and FERC-jurisdictional generator interconnection requests, and it processes those requests in serial-queue order. This processing approach promotes consistency and ensures a fair interconnection process for all generators regardless of jurisdiction.

If the Commission approves PacifiCorp's reforms in this proceeding, PacifiCorp intends to maintain a generally unified interconnection framework across all requests by shifting from serial-order processing to cluster study processing for all state-jurisdictional generator interconnection requests as well. Maintaining the alignment between the core elements of the state and federal processes will continue to ensure fair and functional processing for all requests. If, for example, the FERC-jurisdictional, serial-queue process is replaced with a cluster study process as is proposed in this proceeding, it would be entirely impractical—if not impossible—for PacifiCorp to reasonably administer a separate state-jurisdictional queue running on a serial basis.

In addition, the company intends to transition both federal- and state-jurisdictional interconnection customers to a cluster study process on the same timeline and largely subject to the same requirements (with the exception of the readiness requirements, discussed below). Because the proposed Transition Process must align across jurisdictions, PacifiCorp intends to apply the January 31, 2020 Transition Close Date across all queued requests—small and large FERC-jurisdictional, small and large state-jurisdictional—to ensure the queue can be effectively cleared out and no one type of generator has an unfair advantage over another type of generator.

Utility Commission Staff (Feb. 21, 2020), eLibrary No. 20200221-5163 ("OPUC Staff Comments"); Motion to Intervene and Comments of RWE Renewables Americas, LLC (Feb. 21, 2020), eLibrary No. 20200221-5151 ("RWE Renewables Comments"); Motion to Intervene and Comments of the Western Power Trading Forum (Feb. 21, 2020), eLibrary No. 20200221-5137 ("WPTF Comments"); Motion to Intervene and Comments of Intermountain Wind, LLC (Feb. 21, 2020), eLibrary No. 20200221-5100 ("Intermountain Wind Comments"); NewSun Energy LLC Comments (Feb. 21, 2020), eLibrary No. 20200224-5032.

⁴ See Answer and Protest by the Solar Energy Industries Association (Feb. 21, 2020), eLibrary No. 20200221-5215 ("SEIA Protest").

- b. Describe how a QF would be able to enter the proposed Transition Cluster in light of the various state regulations to which QFs must adhere. Specifically, please describe how the commercial readiness criteria for the Transition Cluster are achievable for QFs that rely on interconnection study results to complete state interconnection processes and obtain power purchase agreements.**

PacifiCorp is not planning to apply the commercial readiness criteria to state-jurisdictional QF interconnection requests during the Transition Process. This means that if a QF that had a request in PacifiCorp's interconnection queue by the January 31, 2020 Transition Close Date has not yet obtained a QF power purchase agreement by the Transition Readiness Deadline, the QF's interconnection request will still be included in the Transition Cluster. PacifiCorp will, however, monitor the state-jurisdictional interconnection request levels in the Prospective Process and may revisit whether to apply the commercial readiness criteria more broadly in the future if doing so is necessary to ensure a fair and functional interconnection process for all generators, whether subject to state or federal jurisdiction.

- c. Please explain whether Large Generator Interconnection Agreements (LGIAs) with QFs would be accorded the same grandfathered status as the LGIAs executed under PacifiCorp's OATT.**

PacifiCorp clarifies that all executed interconnection agreements, including LGIAs with QFs, will be undisturbed by the proposed queue reforms and will continue according to their terms.

- 2. Please describe whether PacifiCorp plans to coordinate its upcoming Request for Proposals (RFP) and future RFPs with the timing of its interconnection process.**

- a. To the extent the timing of the 2020 RFP causes resources currently in the queue to be unable to show commercial readiness by the October 15, 2020 transition deadline, would PacifiCorp extend that deadline?**

PacifiCorp's Integrated Resource Plan ("IRP") published in October 2019 reflects that under the company's proposed timeline for the upcoming 2020 all-source RFP, the preliminary shortlist of projects will be announced by the third quarter of 2020.⁵ Based on this schedule, and with the knowledge that projects currently in the interconnection queue may wish to use their selection on the preliminary shortlist to satisfy the commercial readiness requirements under the Transition Process,⁶ PacifiCorp proposed a Transition Readiness Deadline of October 15, 2020—much longer than the 30-day readiness requirement approved for PSCo.⁷ Even if the shortlist came at the very end of the third quarter of 2020, *i.e.*, September 30, 2020, the October 15 Transition Readiness Deadline would give projects that had met all of the other eligibility

⁵ See *PacifiCorp 2019 Integrated Resource Plan, Volume 1*, at 24, available at <https://www.pacificorp.com/energy/integrated-resource-plan.html> (identifying Q3 2020 as the period by which to "identify a preliminary final shortlist from the all-source RFP and initiate transmission interconnection studies consistent with queue reform as approved by FERC.").

⁶ PacifiCorp Proposed Tariff, Attachment W Section 2.1.1.

⁷ PacifiCorp Proposed Tariff, Attachment W Section 2.1. As proposed, if the Commission issued an order accepting the Queue Reform Filing by April 1, 2020, this would give Interconnection Customers over six months to demonstrate readiness, much longer than the 30 day readiness requirement accepted for PSCo. Pub. Serv. Co. of Colo., 169 FERC ¶ 61,182 at PP 65-67 (2019) ("PSCo Order").

requirements and been selected in the preliminary shortlist fifteen days to confirm to the Transmission Provider that the project is moving forward in the Transition Process.

Notwithstanding the timing cushion already built into the October 15 date, several commenters cite concern with the static October 15, 2020 Transition Readiness Deadline, requesting that PacifiCorp accommodate developers if the RFP schedule does not permit a demonstration of commercial readiness by October 15, 2020.⁸ In response to those concerns, PacifiCorp is amendable to an extension of the Transition Readiness Deadline to accommodate any modest delays in the RFP schedule. However, PacifiCorp notes that it has a broader obligation to clear out its queue for *all* generators, not just those seeking to participate in PacifiCorp's RFP, so any delay of the Transition Cluster must be limited. Delaying the Transition Readiness Deadline will not only delay commencement of the Transition Cluster Study, but will also delay processing of Late-Stage Transition Requests,⁹ which must also meet an October 15, 2020 readiness deadline.¹⁰ These delays will, in turn, impact PacifiCorp's ability to conduct the first Cluster Study under the Prospective Process as of April 1, 2021—prospective studies that will rely on the results of the Transition Cluster as a baseline assumption.

Consequently, if agreeable to and ordered by the Commission, on compliance PacifiCorp will make the following change to Section 2.1 of Attachment W to provide some additional flexibility in the Transition Readiness Deadline if the RFP schedule does not permit a demonstration of commercial readiness by October 15, 2020:

To be eligible for inclusion in a Transition Cluster Study, a Transition Request must: (a) satisfy the requirements of this Section 2.1 (except Section 2.1.1) by August 15, 2020, subject to the Interconnection Customer's opportunity to correct identified deficiencies pursuant to Section 2.2; and (b) satisfy all requirements of Section 2.1 (including Section 2.1.1) ~~no~~ upon the later of October 15, 2020 or fifteen days after the publication of the preliminary shortlist in PacifiCorp's 2020 Request for Proposal than, but in no event later than October 31, 2020 ("the Transition Readiness Deadline").

PacifiCorp would also make conforming changes to Section 1.2.1,¹¹ which reflects readiness requirements for Late-Stage Transition Requests. This change provides a cushion to

⁸ BluEarth/Innergex Comments at 13; Renewable Northwest Comments at 3-4; OPUC Staff Comments at 2-3.

⁹ PacifiCorp Proposed Tariff Attachment W Section 1.2.1 defines a Late-Stage Transition Request as "[a]n Interconnection Customer with a Transition Request that, as of April 1, 2020, is at or beyond the point in the interconnection process when it has been tendered a Facilities Study Agreement but has not executed an LGIA or, as applicable, SGIA."

¹⁰ PacifiCorp Proposed Tariff, Attachment W Section 1.2.1.

¹¹ Attachment W Section 1.2.1. describes the process and requirements for Late Stage Transition Requests to either proceed through a Facilities Study to an interconnection agreement or opt into the Transition Cluster Study. If a Late-Stage Transition Request chooses to move forward with its Facilities Study, Section 1.2.1 currently requires a readiness demonstration by October 15, 2020.

accommodate a delay in publication of the RFP short list beyond the third quarter of 2020. In the event that the RFP and/or publication of the preliminary shortlist is delayed beyond October 31, 2020, the Transition Process will need to move forward.

b. Please describe how PacifiCorp will coordinate future RFPs with its interconnection timeline to ensure non-discriminatory access for all market participants.

The Queue Reform Filing reflects modifications that PacifiCorp Transmission proposes to implement to its interconnection processes going forward to address systemic problems leading to queue delays and other undesirable outcomes. The timing of the Transition Process to coincide with the 2020 RFP was the result of strong stakeholder sentiment recognizing that selection in the RFP could be used to satisfy readiness requirements in the Transition Process.¹² PacifiCorp Transmission emphasizes that it does not manage the RFPs that the company's resource procurement arm conducts in accordance with state requirements, and thus has no basis to align its queue process with any future RFPs that may or may not occur. However, as with the current interconnection process, LSEs conducting RFPs and other solicitations (including PacifiCorp) will know the timeline for PacifiCorp's annual Cluster Study process as reflected in the OATT and can adjust their RFPs accordingly to the extent they feel that would encourage broader participation in such solicitations.

3. The Readiness Milestone Option described in proposed LGIP section 38.4.1(v)(a), provides that an interconnection customer may provide an "Executed term sheet (or comparable evidence)" to demonstrate readiness. Please describe what would constitute "comparable evidence."

This "comparable evidence" standard is borrowed directly from Public Service Commission of Colorado's ("PSCo") approved tariff.¹³ From PacifiCorp's perspective, "comparable evidence" to a term sheet would be a document that reflects many of the features of a term sheet even if it may not be styled formally as a term sheet. Thus, to be considered "comparable evidence," the document would need to include, at a minimum:

- The name of the developer's potential commercial partner;
- In the case of a sale of energy (or, in the case of a storage resource, ancillary services), the product, quantity, and term of the proposed arrangement between the parties, or, in the case of the sale of the Generating Facility to an LSE, specifics related to such a transaction; and

¹² See PacifiCorp Queue Reform Filing, Transmittal Letter at 13-14 & nn. 34-35 ("PacifiCorp Transmittal Letter").

¹³ PSCo Order at P 50 (2019); PSCo Tariff, Attachment N Large Generator Interconnection Procedures Sections 3.4.1(g)(1), 7.7.1(a), 7.7.2(a) ("PSCo LGIP"). Although the specific readiness criteria that PacifiCorp has adopted vary slightly from the criteria that the Commission approved for PSCo, the standards applied to those criteria (i.e., "comparable evidence," and "reasonable evidence" discussed further below) are the same. Thus, PacifiCorp is seeking to exercise the same level of discretion—and no more—that the Commission has already approved for another utility (without providing or requiring additional explanation of how those standards will be applied).

- The parties' signatures.

PacifiCorp also notes that, unlike PSCo's similar readiness criterion, a term sheet need not be binding to satisfy this readiness criterion. This provides developers with additional flexibility on how they enter a Cluster; however, a developer that has entered the Cluster on the basis of a term sheet or comparable documentation will need to satisfy additional readiness requirements before proceeding to the Facilities Study stage.¹⁴

4. The Readiness Milestone Option described in proposed LGIP section 38.4.1(v)(c), permits a large generator interconnection customer to demonstrate readiness by providing "[r]easonable evidence" that its generating facility has been selected in a Resource Plan or Resource Solicitation Process by a load-serving entity; is being developed by a load-serving entity; or is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer.

a. Please describe what would constitute "reasonable evidence."

As with the "comparable evidence" standard discussed above, the "reasonable evidence" standard is also borrowed directly from the approved PSCo tariff.¹⁵ For PacifiCorp, reasonable evidence that a generating facility has been selected in a Resource Plan or Resource Solicitation Process by an LSE includes anything from inclusion on a preliminary short list through final selection in such a process. The reasonable evidence that a project is being developed by an LSE is a site-specific term sheet, as outlined further below. Finally, reasonable evidence that the generating facility is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer would include a contract or similar documentation committing the sale of the facility to a large end-use customer. As PacifiCorp emphasizes below, the key is that the developer must have objective evidence that it has entered into a qualifying commercial arrangement.

b. Proposed LGIP section 38.4.1(v)(c) further states that, in the case of a generating facility being developed by a load serving entity, reasonable evidence provided may be a site specific purchase order for equipment or statement signed by the interconnection customer that the facility will be supplied with generating equipment. Explain why this option is available only to load serving entities.

Several commenters also raised this question.¹⁶ Before discussing the merits of this provision, PacifiCorp emphasizes that this issue has no bearing on the Transition Process. The purchase order provision in Section 38.4.1(v)(c) does not exist in the Attachment W Transition Process; it only applies in the *prospective* reforms. Accordingly, any assertions regarding discriminatory treatment due to Section 38.4.1(v)(c) in the Transition Process or the upcoming RFP should be rejected.

Some commenters argue that this provision is discriminatory, but PacifiCorp included this provision in its tariff to ensure that LSE self-build projects would have to meet an objective readiness standard like those applied to third-party developers, not to create a lower standard.

¹⁴ PacifiCorp Proposed Tariff Section 43.1; Attachment W Section 5.1.

¹⁵ PSCo LGIP Sections 3.4.1(g)(i), 7.7.1(b), 7.7.2(b), 7.7.3(b), 7.7.4(b).

¹⁶ SEIA Protest at 7-9; Interwest Comments at 4; NIPPC Comments at 8.

As the Commission and courts have recognized, discrimination is only undue where different rates or terms are applied to customers who are similarly situated.¹⁷ From a project development standpoint, LSEs and third-party developers are not similarly situated because they operate in completely different commercial and regulatory paradigms. In particular, third-party developers typically enter into commercial arrangements with other parties and, accordingly, can meet readiness criteria by providing a contract or term sheet. In contrast, LSEs must answer to state commissions (or, in the case of certain public power entities, members or boards) with regard to investments in generation projects. As a result, LSEs' ability to speculate on generation projects is hampered in comparison to third-party developers whose commercial choices are not subject to state commission review. In the case of LSEs, if the entity has executed a site-specific purchase order, that project is likely to be at least as commercially viable as any third party project that produces only a term sheet or a financial payment in lieu of demonstrating commercial readiness. Because of these very real differences, applying the site-specific purchase order criterion only to LSEs is proper, and is not unduly discriminatory.

Certain commenters ask that this issue be resolved by extending the purchase order option to all Interconnection Customers. The purpose of the commercial readiness criteria is to help ensure only viable projects are entering the queue. In addition to the commercial readiness criteria, Section 38.4.1(v)(d) allows *any* Interconnection Customer in the Prospective Process¹⁸ to provide a refundable deposit of \$3,000 per MW of requested interconnection service *in lieu* of showing commercial readiness. Thus, a purchase order option would only be of value to third-party developers if they can satisfy *none* of the other commercial readiness criteria *and* lack the financial resources to make the financial payment in lieu of commercial readiness. In such a case, PacifiCorp believes such a project would likely not be viable and is concerned this provision could be abused.

PacifiCorp agrees with WPTF that this issue could be studied and discussed in PacifiCorp's two-year report.¹⁹ This will give PacifiCorp and stakeholders experience with application of the provision to determine whether circumstances warrant further adjustments.

Notwithstanding PacifiCorp's belief that the purchase order option is a reasonable objective benchmark for LSEs to meet and is not necessary for truly viable projects being developed by third parties, in the event that the Commission determines that the presence of the purchase order option for LSEs alone is unduly discriminatory, on compliance PacifiCorp would be willing to:

- Remove the LSE-specific provision from 38.4.1(c); and
- Add a provision to the Prospective Process applicable to all Interconnection Customers that is identical to a readiness provision the Commission has approved for PNM, specifically:

¹⁷ See e.g., *Cities of Bethany v. FERC*, 727 F.2d 1131, 1139 (D.C. Cir. 1984), *cert. denied*, 469 U.S. 917 (1984).

¹⁸ PacifiCorp emphasizes that this issue has no bearing on the Transition Process. The purchase order provision in Section 38.4.1(v)(c) does not exist in the Attachment W Transition Process; it only applies in the prospective reforms.

¹⁹ WPTF at 9.

“Site specific Purchase Order for generating equipment specific to the Queue Position, or statement signed by an officer or authorized agent of the Interconnection Customer attesting that the Generating Facility included is to be supplied with turbines with a manufacturer’s blanket purchase agreement to which Interconnection Customer is a party. This blanket purchase agreement shall be provided to Transmission Provider.”²⁰

5. The pro forma LGIP allows interconnection customers to be studied for both Energy Resource Interconnection Service and Network Resource Interconnection Service. Please clarify whether, under PacifiCorp’s proposed interconnection procedures, interconnection customers would be able to be studied for both types of service at the same time, as required by Order No. 2003. Elaborate on limitations to request both types of service that would exist under the proposed process.

PacifiCorp’s prospective interconnection queue reforms are designed to ensure that a backlog will not accumulate again once the Transition Process clears out the queue, and re-studies are among the primary culprits of delay under the current system. In the Queue Reform Filing, PacifiCorp proposed to require Interconnection Customers to select either Network Resource Interconnection Service (“NRIS”) or Energy Resource Interconnection Service (“ERIS”) before commencement of the Cluster Study process. Thereafter, PacifiCorp proposed to review any service type changes pursuant to the existing Material Modification analysis.²¹ Given the backlog that has accumulated on PacifiCorp’s system due in part to customers’ ability to select ERIS after the System Impact Study is complete, and the fact that the proposed Informational Interconnection Study preserves LGIP customers’ ability to request evaluation for both types of service, PacifiCorp maintains that its proposal is consistent with or superior to the Commission’s *pro forma* LGIP.

Under the currently-effective LGIP, a customer need not make a definitive choice on a level of service until it enters into the Facilities Study Agreement.²² As explained by Rick Vail, PacifiCorp’s Vice President of Transmission, the current queue backlog is driven primarily by the need for re-studies when a higher-queued project makes changes that impact lower-queued projects.²³ LGIP customers changing their service NRIS to ERIS after the System Impact Study frequently leads to re-studies for lower-queued customers, delaying the overall interconnection process and contributing to the ever-mounting backlog of interconnection requests.²⁴ It is this kind of delay that PacifiCorp is trying to address in its current reforms.

Even with the change from a serial interconnection study process to a cluster study process, if a customer defers its choice of service until after the Cluster Study is complete, it will necessarily trigger a re-study and result in delays. Specifically, under PacifiCorp’s proposal, to ensure the fair allocation of facility costs, PacifiCorp will first assume that all customers in a Cluster

²⁰ PNM Tariff, Attachment N Section 7.2.f.v.

²¹ See PacifiCorp Proposed Tariff Section 39.4; PacifiCorp Transmittal Letter at 29.

²² PacifiCorp Queue Reform Filing, Exhibit PAC-1, Direct Testimony of Rick Vail at 9:21-23; 10:1-10 (“Vail Testimony”).

²³ *Id.* at 10-11.

²⁴ *Id.* at 11:10-21.

have requested ERIS and analyze the facilities needed to accommodate that level of service. Thereafter, the Cluster Study will identify those Interconnection Customers who have requested NRIS and identify the incremental Network Upgrades needed for those interconnection requests. If Interconnection Customers are permitted to wait until after the Cluster Study is complete to make a definitive choice on their service level, this will automatically require a re-study to address the shift in customers to whom the various Network Upgrade costs are allocated.

To be clear, PacifiCorp is not completely eliminating Interconnection Customers' ability to evaluate both NRIS and ERIS before committing to a service level. Similar to the current Feasibility Study process, Interconnection Customers will retain the flexibility to request dual ERIS and NRIS studies through the proposed Informational Study process to inform their decision-making. PacifiCorp believes that preserving the dual study optionality in the Information Study process while requiring definitive service selection at the Interconnection Request stage strikes a reasonable balance between maintaining flexibility for generators and keeping the interconnection process streamlined and efficient.

That belief notwithstanding, in the event that the Commission would otherwise find that PacifiCorp's Queue Reform Filing is not just and reasonable because it requires that Interconnection Customers make a firm service choice prior to the Cluster Study, PacifiCorp is willing to allow customers that have requested NRIS to also be studied for ERIS in the initial Cluster Study, so long as customers are required to make a firm choice on their service level no later than five (5) Business Days after the Cluster Study Report Meeting under Section 42.4(c). This will provide Interconnection Customers an opportunity to review the Cluster Study Report and discuss it with the Transmission Provider before making their final service choice. As a result, prior to commencing any Cluster Re-Study, all customers remaining within the Cluster will have made a definitive choice in their service level in order to reduce the risk of a subsequent re-study of the Cluster.

PacifiCorp emphasizes that if such a change is ordered, it will become even more imperative that the Commission approve PacifiCorp's proposal to hold annual clusters, as discussed in more detail in Section II.F below. If Interconnection Customers are able to request to be studied for NRIS *and* ERIS in the first iteration of the Cluster Study, re-studies are all but assured as projects make their choice of service type after the first iteration of the Cluster Study. Cluster Studies on anything less than an annual basis will lead to the very type of cascading restudies that PacifiCorp and its Interconnection Customers all hope to avoid.

6. Please explain how PacifiCorp currently implements Business Practice 73 and how that business practice would be implemented under the revised interconnection procedures. Would Business Practice 73 limit the availability of Network Resource Interconnection Service under the revised interconnection procedures?

PacifiCorp Business Practice 73 provides interconnection customers with additional detail regarding how and when non-viable interconnection requests might arise, how PacifiCorp will inform customers when that occurs, and the next steps. As a general matter, the prospect of non-viable conditions is a direct consequence of the amount of generation in the current serial queue that vastly overwhelms the amount of load in the study area. The purpose of the commercial readiness criteria in PacifiCorp's proposal is to reduce that mismatch; the likelihood of non-viable study results should reduce significantly as the generators in the queue are required to be commercially viable (*i.e.*, have arrangements to serve some customer). The readiness criteria of the Transition Process and the Prospective Process are designed to clear out projects that take up interconnection capacity but that may never actually achieve commercial operation. It is,

therefore, PacifiCorp's hope and expectation that the need for Business Practice 73 ultimately becomes obsolete as a result of a well-functioning queue.

However, PacifiCorp notes that as currently proposed the readiness criteria do permit developers some flexibility to enter a Cluster and even proceed to an executed LGIA without having a firm plan for commercial operation.²⁵ PacifiCorp will continue to monitor its interconnection process and the efficacy of queue reform, and if it appears that the non-viability issues that led to Business Practice 73 arise again, PacifiCorp may come to the Commission (and, as noted in Section I.1.a., to state commissions) to request application of broader or more stringent readiness criteria.

II. Response to Additional Comments

A. The January 31, 2020 cutoff date is consistent with PacifiCorp's goal of clearing out the existing interconnection queue.

PacifiCorp proposed that the Transition Process will apply to all Interconnection Requests received and pending by January 31, 2020 ("Transition Close Date"), the date that PacifiCorp submitted its queue reform proposal to the Commission.²⁶ Renewable Northwest objects to the January 31, 2020 Transition Close Date because, in Renewable Northwest's opinion, PacifiCorp did not provide sufficient notice to permit stakeholders to submit interconnection requests before the cutoff date.²⁷

PacifiCorp has been engaging with the development community on queue reform issues since it initiated its queue reform stakeholder proceeding in June 2019.²⁸ Renewable Northwest and all other stakeholders that participated in that stakeholder process knew that PacifiCorp planned to submit its reform proposal to FERC, and had over six months to submit an Interconnection Request before PacifiCorp submitted the Queue Reform Filing. PacifiCorp saw a significant increase in Interconnection Requests during its stakeholder process and leading up to the Queue Reform Filing. These facts demonstrate that not only did stakeholders have sufficient notice to submit interconnection requests, but actually *did* submit Interconnection Requests prior to January 31, 2020. This conclusion is further supported by the fact that no other commenters have claimed that the Transition Close Date is unjust and unreasonable.

Moreover, the purpose of the Transition Process is to clear out the *existing* queue, and the Commission has acknowledged that doing so requires resolving the existing interconnection queue backlog.²⁹ Delaying the Transition Close Date would only permit additional projects to enter the queue, exacerbating the very situation PacifiCorp is trying to solve. No party has any reasonable basis to demand inclusion in the Transition Process if it does not have an existing interconnection request. Such a modification would be counterproductive and would perpetuate

²⁵ For example, in the Prospective Process a project can enter a Cluster on the basis of a non-binding term sheet and then submit a deposit in order to proceed to the Facilities Study and subsequent LGIA.

²⁶ PacifiCorp Proposed Tariff, Attachment W Section 1.1.

²⁷ Renewable Northwest Comments at 4-5.

²⁸ Transmittal Letter at 11-13.

²⁹ PSCo Order at P 67.

the backlog and delays that PacifiCorp is seeking to correct with this filing.³⁰ The Commission should therefore accept the January 31, 2020 Transition Close Date.

B. The Prospective commercial readiness criteria are reasonable and consistent with what the Commission has accepted previously; commenters have not justified additional criteria.

PacifiCorp proposes to require that customers demonstrate commercial readiness before entering either the Transition or the Prospective Processes. A similar version of each type of criterion contained in PacifiCorp's proposal has been previously accepted by the Commission for either Public Service Company of New Mexico ("PNM") or PSCo.³¹ Specifically, in the Prospective Process, PacifiCorp proposed requiring Customers to demonstrate:

- An executed term sheet (or comparable evidence) for the sale of (i) the constructed project to an LSE or to a large end-use customer, (ii) the project's energy where the term of sale is not less than five (5) years, or (iii) the project's ancillary services if the facility is an electric storage resource where the term of sale is not less than five (5) years;
- An executed contract binding upon the parties for the sale of (i) the constructed project to an LSE or to a large end-use customer, (ii) the project's energy where the term of sale is not less than five (5) years, or (iii) the project's ancillary services if the facility is an electric storage resource where the term of sale is not less than five (5) years;
- Reasonable evidence that the project has been selected in a Resource Plan or Resource Solicitation Process by or for an LSE, is being developed by an LSE, or is being developed for purposes of a sale to large end-use customer. For a project being developed by an LSE, the customer may submit a site-specific purchase order for generating equipment or statement signed by the Interconnection Customer attesting that the facility will be supplied with generating equipment (e.g. turbines) with a manufacturer's blanket purchase agreement; or

³⁰ PacifiCorp Transmittal Letter at 37.

³¹ See PSCo LGIP Section 3.4.1.g.i ("Executed term sheet (or comparable evidence) related to a contract, binding upon the parties to the contract, for sale (1) of the constructed Generating Facility, or (2) of the Generating Facility's energy, or (3) of the Generating Facility's ancillary services if the Generating Facility is an electric storage resource; where the term of sale is not less than five (5) years"); PSCo LGIP Section 7.7.3.a ("Executed contract, binding upon the parties to the contract, for sale of (i) the constructed Generating Facility, (ii) the Generating Facility's energy, or (iii) the Generating Facility's ancillary services if the Generating Facility is an electric storage resource; where the term of sale is not less than five (5) years"); PSCo LGIP Section 3.4.1.g.ii ("Reasonable evidence that the project has been selected in a Resource Plan or Resource Solicitation Process"); PNM LGIP Section 7.2.f.v ("Site specific Purchase Order for generating equipment specific to Queue Position, or statement signed by an officer or authorized agent of the Interconnection Customer attesting that the Generating Facility included is to be supplied with turbines with a manufacturer's blanket purchase agreement to which Interconnection Customer is a party"); PNM LGIP Section 7.2.f.i ("Security equal to \$2000/MW of the plant size (refundable at commercial operation or if LGIA is not executed by Interconnection Customer.").

- A refundable deposit of \$3,000 per MW of generating capacity proposed in the Interconnection Request.³²

For the Transition Process, PacifiCorp proposed similar readiness criteria to those in the Prospective Process, except the company excluded both the deposit in lieu of readiness, as well as the ability of LSEs to submit site-specific purchase orders.³³

Aside from comments regarding the LSE-self build criterion discussed in Section 1.4.b. above, certain commenters request changes to the Prospective and Transition Process commercial readiness criteria. In particular:

- SEIA argues that existing projects should be able to post security to remain in the queue, and that PacifiCorp unreasonably excluded from the commercial readiness criteria evidence of obtaining state and local permits and contracts for the purchase of Renewable Energy Credits (“RECs”) or carbon offsets.³⁴
- SEIA also argues that PacifiCorp should reduce the term any contract or term sheet submitted as evidence of commercial readiness.³⁵
- The Northwest and Intermountain Independent Power Producers Coalition (“NIPPC”) commented that the proposed \$3,000 per MW deposit in lieu of readiness was too high, and the Commission should apply the \$2,000 per MW amount approved in PNM’s tariff.³⁶

The commenters’ concerns are misplaced. Neither PSCo nor PNM accept state and local permits as evidence of commercial readiness. In PacifiCorp’s experience, it is common for projects to obtain a variety of permits and licenses and yet still be unable or unwilling to proceed to commercial operation. As with other Transmission Providers, the path forward for such projects is through tendering a refundable deposit, not through a novel “fully permitted” exception that would only enable non-commercially viable projects to remain in the queue. Allowing Interconnection Customers to proceed through the Transition Process solely on the basis that they are “fully permitted” would undermine the goal of clearing out the existing backlog by allowing customers without any kind of viable commercial path to remain in the queue.

Additionally, PacifiCorp is unaware of projects being financed solely through REC-only contracts, absent the sale of energy, capacity, or ancillary services. Like PNM and PSCo, PacifiCorp has focused its proposed readiness criteria on more reliable indicators of commercial viability—primarily, financial arrangements for the project or its output—with the backstop availability of a refundable deposit.³⁷

³² PacifiCorp Proposed Tariff Section 38.4.1(v)(a)-(d).

³³ Proposed Attachment W, Section 2.1.1.

³⁴ SEIA Protest at 8, 11; Renewable Northwest Comments at 6.

³⁵ SEIA Protest at 11.

³⁶ NIPPC Comments at 9.

³⁷ PacifiCorp Proposed Tariff Section 38.4.1(v); Public Service Company of New Mexico Tariff Attachment N, Large Generator Interconnection Procedures, Section 7.2(d) (noting a \$2,000/MW security

Finally, it is notable that only one commenter raised concerns about the proposed \$3,000 per MW deposit amount.³⁸ The commenter did not challenge the underlying premise that the \$2,000 per MW deposit may be generally outdated, or that PacifiCorp's system and queue backlogs are more extensive than, and therefore not similarly situated to, PNM's smaller system.³⁹ PacifiCorp continues to believe that these factors justify a higher refundable deposit amount. Nonetheless, in the interest of expedient approval, PacifiCorp will accept the already-approved \$2,000 per MW if the Commission does not agree that the updated amount is just and reasonable.⁴⁰

C. Guidance for “partial readiness” in the Transition Process.

The requirement for Interconnection Customers to show commercial readiness to proceed through either the Transition or Prospective Processes is a key feature of PacifiCorp's queue reform proposal.⁴¹ As outlined above, to submit an Interconnection Request in the Prospective Process, the Customer must submit either evidence of commercial readiness or a deposit of \$3,000 per MW in lieu of showing commercial readiness.⁴² In the Transition Process, Interconnection Customers must submit evidence commercial readiness, but do not have the option to submit a deposit in lieu of showing commercial readiness.⁴³

Western Power Trading Forum (“WPTF”) asks PacifiCorp to clarify whether it will require Interconnection Customers to show commercial readiness on the full capacity of the original Interconnection Request in order to proceed through the Transition Process.⁴⁴ WPTF states that PacifiCorp should provide flexibility to a generator that, for example, submitted an early-stage Interconnection Request for 500 MW and will submit an executed term sheet on the Transition Readiness Deadline for only 350 MW of that capacity.⁴⁵

PacifiCorp clarifies that the Tariff provides for reductions in interconnection capacity at various points in the interconnection process that can be used to bring an interconnection request in line with the size of the project for which commercial viability can be demonstrated. Notwithstanding the deadlines discussed below, for purposes of the Transition Process, PacifiCorp urges Interconnection Customers to notify PacifiCorp transmission as soon as reasonably practicable of any changes in interconnection size *ahead* of the Transition Readiness Deadline.

deposit as a readiness option) (“PNM LGIP”); PSCo LGIP Section 7.7.5 (setting out the escalating security deposit requirements).

³⁸ NIPPC Comments at 9.

³⁹ Vail Testimony at 21.

⁴⁰ Under *NRG Power Mktg., LLC v. FERC*, 862 F.3d 108, 114-15 (D.C. Cir. 2017), the Commission may propose modifications to a rate filing when the utility consents to the modifications.

⁴¹ PacifiCorp Proposed Tariff Section 38.4.1(v); Proposed Attachment W Section 2.1.1.

⁴² PacifiCorp Proposed Tariff, Section 38.4.1(v)(d).

⁴³ PacifiCorp Proposed Tariff, Attachment W Section 2.1.1.

⁴⁴ WPTF Comments at 7-8.

⁴⁵ *Id.*

First, any project entering the Transition Cluster can reduce its requested interconnection capacity by up to 60% at any time before returning their executed Transition Cluster Study Agreement. Under PacifiCorp's proposed Tariff Section 39.4.1, "[p]rior to the return of the executed Cluster Study Agreement to Transmission Provider, modifications permitted [without undergoing a Material Modification⁴⁶ analysis] . . . shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project, through either (1) a decrease in plant size or (2) a decrease in Interconnection Service level . . ." Under Proposed Attachment W, Section 3.3, the executed Transition Cluster Study Agreement is due to the Transmission Provider within fifteen business days after the Transition Readiness Deadline. Thus, if a project in the Transition Cluster cannot demonstrate commercial readiness for the full capacity of its proposed project by the Transition Readiness Deadline, it can reduce its interconnection request beforehand, to align with its readiness demonstration.⁴⁷

Late-Stage Transition Requests that choose to proceed serially may also reduce their requested interconnection capacity under the modification provisions in PacifiCorp Tariff.⁴⁸ Section 39.4.2 states that "[p]rior to the return of the executed Interconnection Facilities Study Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output of the proposed project through either (1) a decrease in plant size (MW) or (2) a decrease in Interconnection Service level . . .". Thus, if a Late-Stage Transition Request *has not returned* the executed Facilities Study Agreement, it may reduce its interconnection request by 15%.⁴⁹

Finally, Interconnection Customers that have returned the executed Facilities Study Agreement to PacifiCorp, or who are further along in the queue (e.g., those with draft or executed interconnection agreements) who seek to change their Interconnection Request must undergo a Material Modification analysis in accordance with the Tariff, including any reduction in the amount of generating capacity associated with the unit.⁵⁰ Prior to making any such change,

⁴⁶ See PacifiCorp Tariff definition of Material Modification ("modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date."). PacifiCorp notes, however, that although reductions over 60 percent will need to be studied for a Material Modification, it is likely that such a reduction in advance of the Commercial Readiness Deadline in the Transition Process will not be material because it has not yet been studied and no other project will have relied on it.

⁴⁷ Using WPTF's example, if a project entering the Transition Cluster Study submitted a 500 MW interconnection request, it will be able to reduce the size of its original Interconnection Request by up to 300 MW any time before it is required to return the executed Transition Cluster Study Agreement.

⁴⁸ Although Late-Stage Transition Requests choosing to proceed serially have less flexibility to change the amount of requested interconnection service than projects proceeding through the Transition Cluster, this is a reasonable consequence of choosing to proceed serially because they are choosing to rely on interconnection studies already completed, whereas the Transition Cluster members are choosing to rely on studies not yet conducted. These Late-Stage Transition Requests would also have been required to undergo a Material Modification analysis in order to change the amount of requested interconnection service absent these reforms.

⁴⁹ For example, a 500 MW a Late Stage Project will be able to reduce the size of its original Interconnection Request by up to 75 MW any time before it is required to return the executed Facilities Study Agreement.

⁵⁰ See Proposed PacifiCorp Tariff, Section 39.4.3. This provision is largely unchanged by the Queue Reform Filing.

Interconnection Customers can request that the Transmission Provider evaluate whether the proposed change is a Material Modification.⁵¹ Depending on the outcome of that analysis, these projects may still be able to make reductions to their Interconnection Request without triggering a Material Modification.⁵²

D. The scope of the proposed Informational Studies is consistent with the existing Feasibility Studies and reflects the operational realities of PacifiCorp’s Transmission System.

In its Prospective Process, PacifiCorp proposes to conduct Informational Interconnection Studies for large and small generators to evaluate interconnection feasibility and to aid Interconnection Customers in making preliminary siting decisions.⁵³ In order to ensure that these studies are conducted within realistic parameters that reflect the operational realities of PacifiCorp’s system, PacifiCorp proposes to use the following assumptions: (1) all existing generation interconnected to PacifiCorp’s system or an Affected System (with an anticipated impact on the request) will be assumed in-service; (2) all projects in the Cluster study process will be assumed in-service; and (3) all signed LGIAs will be assumed in-service.⁵⁴

WPTF argues that these assumptions will reduce the usefulness of Informational Studies for early-stage development projects, and that the Commission should therefore require PacifiCorp to change its Order No. 845 data release practices to provide project-specific models so that Interconnection Customers can run their own studies using different assumptions.⁵⁵ In the alternative, WPTF requests that the Commission order PacifiCorp to conduct Informational Studies with more flexible assumptions.⁵⁶ The Commission should not grant WPTF’s requests.

First, the proposed Informational Study assumptions are the same as those currently used for Feasibility Studies under the PacifiCorp and *pro forma* Tariffs.⁵⁷ The Informational Study

⁵¹ Proposed PacifiCorp Tariff, Section 39.4.3.

⁵² Requests to increase the capacity of a project are considered new Interconnection Requests. See Proposed PacifiCorp Tariff, Section 36, definition of “Interconnection Request.”

⁵³ Transmittal Letter at 35.

⁵⁴ PacifiCorp Proposed Tariff Section 41.1.1.

⁵⁵ WPTF Comments at 6-7 (“WPTF Comments”).

⁵⁶ *Id.* at 7.

⁵⁷ PacifiCorp Proposed Tariff Section 41.1.3; *compare* PacifiCorp Proposed Tariff Section 41.1.3 (Scope of Informational Interconnection Study) with currently-effective PacifiCorp Tariff Section 41.2 (Scope of Interconnection Feasibility Study).

PacifiCorp Proposed Tariff Section 41.1.3 (in relevant part)	Currently-effective PacifiCorp Tariff Section 41.2 (in relevant part)
The Informational Interconnection Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Informational Interconnection Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to	The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have

process is thus consistent with the Feasibility Study process and will similarly assist Interconnection Customers in assessing the feasibility of a proposed project. Interconnection Customers will have the flexibility to choose many of the assumptions used in the study, including the proposed Point of Interconnection, reasonable alternative Points of Interconnection, and interconnection service type.⁵⁸ PacifiCorp does not believe it is reasonable for Interconnection Customers to request Informational Study assumptions that are materially different from those they would face when submitting an actual Interconnection Request. The purpose of the Informational Study is to help the Interconnection Customer make siting and financial decisions, not to engage in speculation with unrealistic study assumptions.

The Commission's stated purpose in giving Interconnection Customers more access to modeling and base case information in Order No. 845 was to help Interconnection Customers make informed interconnection decisions and avoid entering the queue with non-viable interconnection requests.⁵⁹ Providing Interconnection Customers the flexibility to run their own models with unrealistic assumptions would not serve these goals. In addition, WPTF's request for modifications to PacifiCorp's data release practices goes far beyond what the Commission required in Order No. 845 and therefore is a collateral attack on that order.⁶⁰ Any arguments about whether and to what extent PacifiCorp's data release practices comply with Order No. 845 should be filed in Docket No. ER19-1948, where PacifiCorp's compliance filing is pending before the Commission.

E. The option to submit a \$10,000 deposit in lieu of demonstrating Site Control provides developers with flexibility and is consistent with Commission precedent.

To provide Large Generator Interconnection Customers increased flexibility in the interconnection process, PacifiCorp proposed to permit these customers to either demonstrate

Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Informational Interconnection Study will consist of a power flow and short circuit analysis.	an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis.
--	--

See *also* Pro Forma Large Generator Interconnection Procedures at Section 6.2.

⁵⁸ PacifiCorp Proposed Tariff Section 41.1.1.

⁵⁹ *Reform of Generator Interconnection Procedures and Agreements*, 163 FERC ¶ 61,043, at P 239 (2018) ("Order No. 845"), *on reh'g*, 166 FERC ¶ 61,137 (2019).

⁶⁰ The Commission routinely rejects collateral attacks on previously decided cases. See, e.g., *N.Y. Ind. Sys. Operator Corp., Inc.*, 151 FERC ¶ 61,040, at P 95 (2015); *Ill. Power Co.*, 104 FERC ¶ 61,261, at P 6 (2003).

Site Control as part of their Interconnection Request, or to provide a \$10,000 deposit in lieu of showing Site Control.⁶¹

RWE Renewables argues that allowing a developer to provide a deposit in lieu of showing actual Site Control is insufficient incentive for the developer to ensure the project is actually viable and that \$10,000 is not a meaningful or substantial commitment from the Interconnection Customer in the context of the total capital costs required to develop a wholesale generation project.⁶² RWE Renewables argues that PacifiCorp should instead require Interconnection Customers to demonstrate actual Site Control for at least a portion of the site at the time the interconnection request is submitted, similar to PSCo.⁶³

The availability of this “in lieu of” payment was the subject of considerable stakeholder discussion, with some developers arguing for more stringent standards for interconnection requests and others asking for more flexibility. The \$10,000 Site Control deposit strikes a reasonable balance that, as the Commission pointed out in response to PSCo’s queue reform proposal, “increase[es] the demonstration to get and keep a queue position, while at the same time not being so high as to deter interested projects from initiating interconnection requests.”⁶⁴ The \$10,000 deposit in lieu of showing Site Control is consistent with PacifiCorp’s currently-effective LGIP provisions, and Interconnection Customers that opt to submit the deposit will still be required to demonstrate actual Site Control before proceeding to the Facilities Study stage, with no option to provide any additional deposit.⁶⁵ This deposit option is part of a comprehensive proposal to streamline PacifiCorp’s interconnection process, and the Commission should accept it.

F. It is critical to the effective and efficient management of the queue that PacifiCorp’s study window open once annually.

PacifiCorp proposed to accept Interconnection Requests in its Prospective Process from large and small generators (other than those participating in the “fast track” or inverter processes) during a 45-day Cluster Request Window held annually beginning every April 1.⁶⁶ PacifiCorp explained that opening Cluster Request Windows annually would ensure that studies are complete or near-complete before the next Cluster Request Window opens, and would also track the California Independent System Operator Corporation’s (“CAISO”) process of accepting interconnection requests annually on April 1.⁶⁷

Only two commenters took issue with this aspect of the proposal. RWE/CREA request that PacifiCorp perform Cluster Studies four times per year for state-jurisdictional

⁶¹ PacifiCorp Transmittal Letter at 18; PacifiCorp Proposed Tariff Section 38.4.1.

⁶² RWE Renewables Comments at 4.

⁶³ *Id.* See also PSCo Order at PP 13, 58 (accepting requirement for Interconnection Customer to demonstrate 50% Site Control at time of Interconnection Request).

⁶⁴ *Id.* at P 49.

⁶⁵ PacifiCorp Transmittal Letter at 18; PacifiCorp Proposed Tariff Sections 43.1(b), 49.5.

⁶⁶ PacifiCorp Proposed Tariff Section 39.2.1.

⁶⁷ PacifiCorp Transmittal Letter at 22-23.

interconnections.⁶⁸ In addition, NIPPC requests that PacifiCorp conduct two Cluster Studies annually.⁶⁹ Conducting four Cluster Studies per year would overwhelm PacifiCorp's ability to process studies efficiently and would ensure further delays in the interconnection process. Additionally, given the alignment between the state and Federal interconnection processes discussed in Section I.1., above, it would raise serious fairness and practical implementation concerns for PacifiCorp to study state-jurisdictional interconnections on a more frequent basis than it studies all other Interconnection Requests.

More generally and in response to NIPPC's request for cluster windows to open every six months, PacifiCorp considered that option and concluded that the prospect of one cluster opening before the previous cluster has been completed or significant progress had been made would perpetuate the risk of cascading restudies and delays. Although PSCo will be implementing six-month study clusters, PSCo and PacifiCorp are not similarly situated with respect to the magnitude of the queues they manage: PSCo's operations are confined to one state, with 22,000 MW of interconnection requests for 6,900 of native load.⁷⁰ In contrast, PacifiCorp's transmission operations serve load in six states (with operations in three others), with over 40,000MW of interconnection requests to serve a peak load of only 12,600.⁷¹ PacifiCorp's proposal to perform its cluster studies annually (rather than semi-annually) takes into account the higher magnitude of requests and the additional complexity not present for PSCo.

As currently proposed, the Cluster Study under the Prospective Process will be as follows:

- Cluster Request Window opens April 1 for a 45-day period for the submission of Interconnection Requests;⁷²
- Beginning on or around May 16, a 30-day Customer Engagement Window opens for scoping meetings and similar activities;⁷³
- The Cluster Study begins on or around June 15 each year, and PacifiCorp will use Reasonable Efforts⁷⁴ to complete the study within 150 days, or by on or around November 12;⁷⁵
- The Cluster Study Report will be delivered to the Interconnection Customers within the Cluster, together with a draft, customer-specific Interconnection Facilities Study

⁶⁸ Comments of Renewable Energy Coalition/Community Renewable Energy Association at 20.

⁶⁹ NIPPC Comments at 7.

⁷⁰ PSCo Order at P 8.

⁷¹ Queue Reform Filing at 9-10.

⁷² PacifiCorp Proposed Tariff Section 39.2.1.

⁷³ PacifiCorp Proposed Tariff Section 42.2.

⁷⁴ Under the LGIP, "Reasonable Efforts," means "with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests." PacifiCorp Tariff Section 36, "Reasonable Efforts."

⁷⁵ PacifiCorp Proposed Tariff Section 42.4.

Agreement. Within 10 days of providing the Cluster Study Report, PacifiCorp will convene a meeting to discuss the results;⁷⁶

- If customers withdraw from the process,⁷⁷ and PacifiCorp determines that re-studies are necessary, PacifiCorp will use Reasonable Efforts to complete the Cluster Re-Study within 150 days. Assuming that Interconnection Customers inform PacifiCorp of their withdrawal plans in a way that allows the Transmission Provider to commence the Cluster Re-Study within 30 days after completion of the initial Cluster Study (i.e., by December 12), PacifiCorp will only just be finishing the Cluster Re-Study by the following May 11, i.e., at the end of the 45-day Cluster Request Window for the *next year's* Cluster.

This timeline assumes that, through the use of Reasonable Effort, PacifiCorp is able to complete the Cluster Study and Cluster Re-Study processes within 150 days each. However, depending on the magnitude of Interconnection Requests submitted during any particular Cluster Request Window, and how late customers withdraw from the process, and on any myriad of other variables, this timeline is expected take longer.

Although PacifiCorp has designed its process to reduce the risk of re-study due to withdrawal of speculative projects from the queue, there is no guarantee that re-study will be eliminated completely – re-studies may nevertheless disrupt the process.⁷⁸ As FERC has acknowledged, the need to avoid such restudies has been central to reforms posed by other transmission providers.⁷⁹ Especially when taking into account that the study results of the immediate past Cluster are a key assumption underpinning the subsequent Cluster,⁸⁰ it is critical

⁷⁶ PacifiCorp Proposed Tariff Section 42.4.

⁷⁷ Pursuant to Section 38.7, an Interconnection Customer may withdraw at any time upon written notice to the Transmission Provider. Additionally, an Interconnection Customer that fails to return its executed Interconnection Facilities Study within 30 days after receipt will be deemed withdrawn.

⁷⁸ As discussed above in Section I.5., maintaining annual Cluster studies is of critical importance especially if the Commission includes in its order a requirement to permit Interconnection Customers to be studied for both NRIS and ERIS in the initial iteration of the Cluster Study process. Enabling that choice of service type will significantly increase the likelihood of cascading re-studies.

⁷⁹ *S. Shore Energy, LLC*, 166 FERC ¶ 61,221, P 25 (2019) (stating that “[t]his type of cascading restudy process was the type of harm that MISO intended to mitigate by proposing its current, phased DPP process” and citing to *Midcontinent Indep. Sys. Operator, Inc.*, 158 FERC ¶ 61,003, *order on reh'g*, 161 FERC ¶ 61,137 (2017)); *Cal. Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,292, P 33 (2008) (“Clustering is a major component of the CAISO’s proposal and is specifically intended to eliminate re-studies that become essential under a serial study approach.”)

⁸⁰ Proposed PacifiCorp Tariff Section 42.3. “The Cluster Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Cluster Request Window closes:

- (i) are existing and directly interconnected to the Transmission System;
- (ii) are existing and interconnected to Affected Systems and may have an impact on the Interconnection Request;
- (iii) have a pending higher queued or higher clustered Interconnection Request to interconnect to the Transmission System; and

that a Cluster be near-complete before the next Cluster Request Window opens.⁸¹ The annual Cluster process that PacifiCorp has proposed balances the re-study risk, with the need to have as much certainty as possible before the next Cluster can begin. Thus, PacifiCorp strongly advocates that the Commission approve the Queue Reform Filing with the annual Cluster Study process.

Moreover, as discussed above, if the Commission requires PacifiCorp to permit NRIS/ERIS optionality through the first iteration of the Cluster Study, it is even more important that the annual cluster window concept be approved. That having been said, if the Commission cannot find the Queue Reform Filing just and reasonable with annual cluster studies, PacifiCorp would agree to revise its tariff on compliance to include six-month study windows but, to be clear, strongly believes annual cluster windows is the far preferable option for all stakeholders.

G. The proposed withdrawal penalties are reasonable and consistent with what the Commission has accepted previously.

SEIA argues that PacifiCorp proposes “no relief valve” from PacifiCorp’s proposed withdrawal penalties, and that such penalties would apply even if a Customer’s underlying state or federal permits were subsequently denied or if PacifiCorp’s merchant function were to cancel any previously issued term-sheet on which the Customer’s commercial readiness hinged. SEIA’s concerns are misplaced.

PacifiCorp proposes penalties for withdrawals only under certain conditions. Any such penalty will be capped at the withdrawing customer’s actual study costs except where: (1) the withdrawing customer relied on the readiness deposit option, in which case, penalties escalate in a manner similar to those in PSCo’s Tariff;⁸² or (2) the withdrawal occurs following LGIA execution and before commercial operation.⁸³ Moreover, even in the case of the withdrawing customer relying on the readiness deposit option, no penalties will be applied *at all* if the withdrawal has no negative timing or cost impact on other projects in the Cluster, if the estimate of costs assigned to a customer increase more than 25%, between successive Cluster Study Reports, or if estimated assigned costs in the Cluster Study Report increased more than 100% in the Facilities

(iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.”

⁸¹ Transmittal at 23.

⁸² Compare PSCo LGIP Section 3.7.1.1 (setting out the escalating Withdrawal Penalties that apply only to customers that did not otherwise demonstrate readiness) *with* PacifiCorp Proposed Tariff Section 38.7.1.1 (setting out the escalating Withdrawal Penalties that would apply only to Customers relying on the readiness milestone option in Section 38.4.1.(v)(d)).

⁸³ Compare PSCo LGIP Section 3.7.1.1 (imposing a penalty on customers withdrawing after LGIA execution as the higher of the study deposit or “nine (9) times its actual allocated cost of the Definitive Interconnection Study Process”) *with* PacifiCorp Proposed Tariff Section 38.7.1.1 (imposing a penalty on customers withdrawing after LGIA execution, but before Commercial Operation, of nine times the customer’s actual allocated cost of the studies performed).

Study Report.⁸⁴ These provisions are substantively identical to PSCo's approved withdrawal provisions.⁸⁵

SEIA's assessment that PacifiCorp's proposal lacks a "relief valve" is not accurate. As summarized above, PacifiCorp has proposed several means by which a Customer may be assessed only minimal withdrawal penalties or exempted from such penalties entirely. PacifiCorp is also not aware of any Transmission Provider that waives withdrawal penalties in the case of state or federal permitting denials. With respect to concerns regarding projects that may withdraw if not selected in PacifiCorp's upcoming RFP, PacifiCorp reiterates that there are no withdrawal penalties included in the Transition Process. The withdrawal penalties included in the Prospective Process are consistent with the penalties the Commission has accepted for others, and commenters have shown no reason why the Commission should not accept them here.

H. PacifiCorp's proposal to allocate funding responsibility within a Cluster strikes a reasonable balance.

Because Cluster Studies identify the cumulative Network Upgrades required to serve the cluster, it is necessary to assign the funding responsibility to members of the cluster in some manner. PacifiCorp proposes to allocate the funding responsibility for station equipment Network Upgrades specified in proposed Tariff Section 39.2.3(a) on a per capita basis (i.e., per Interconnection Request) based on the number of generators interconnecting at an individual station—exactly what the Commission approved for PSCo.⁸⁶ Pursuant to proposed Tariff Section 39.2.3(b), the funding responsibility for all other Network Upgrades will be assigned within a Cluster based on proportional capacity of each individual Generating Facility in the Cluster—exactly what the Commission approved for PNM.⁸⁷ To ensure that ERIS customers do not have to fund upgrades required for only NRIS requests, PacifiCorp proposed to isolate the NRIS-driven Network Upgrades through the two-tiered approach discussed above.⁸⁸ PacifiCorp also proposed a separate floor of one percent of the total MW within a Cluster, under which small projects will be deemed not to contribute to the Network Upgrades identified in the Cluster Study.

RWE Renewables objects to PacifiCorp's cost allocation proposal in so far as it relates to small generating facilities. RWE argues there could be a scenario in which a small generating facility triggers the need for Network Upgrades to which the generator would be exempt from

⁸⁴ PacifiCorp Proposed Tariff Section 38.7.1; PSCo LGIP Section 3.7.1.

⁸⁵ PSCo Order at P 49 (approving, inter alia, PSCo's withdrawal penalty provisions as consistent with or superior to the *pro forma* LGIP). Non-substantively, PSCo and PacifiCorp rely on different terminology for the Facilities Study stage, which PSCo refers to as "Phase 4" in its LGIP. PSCo LGIP Section 3.7.1.

⁸⁶ PacifiCorp Proposed Tariff Section 39.2.3(a). Like provisions approved for PSCo, if multiple Interconnection Customers are sharing the same interconnection facility, they will be considered one Interconnection Customer for the per capita calculation. Shared Transmission Provider's Interconnection Facilities will be allocated based on the number of Generating Facilities sharing that facility on a per capita basis. *Id.*; see also PSCo LGIP Section 4.2.4.a.

⁸⁷ PacifiCorp Proposed Tariff Section 39.2.3(b); PNM LGIP Section 4.2.4 (requiring proportional capacity allocation for "[a]ll transmission lines, transformers and voltage support related Network Upgrades").

⁸⁸ PacifiCorp Proposed Tariff Section 42.3.

contributing by operation of the one percent floor.⁸⁹ RWE requests that the Commission instead require PacifiCorp to allocate Network Upgrade costs based on a distribution factor analysis.⁹⁰

PacifiCorp believes that a distribution factor analysis is not necessary to fairly allocate Network Upgrade costs, particularly considering that the proposed Cluster Area study approach will group all geographically and/or electrically relevant requests together for purposes of efficient study and cost allocation purposes.⁹¹ PacifiCorp considered adopting a distribution factor analysis in response to feedback during the stakeholder process. Ultimately, however, the company declined to adopt this approach because it currently lacks sufficient experience with distribution factor analysis. PacifiCorp is concerned that using this analysis for the first time as part of queue reform would be time-consuming and would risk the types of study delays the company is trying to alleviate. Moreover, because the Commission has already accepted similar cost allocation approaches for PNM and PSCo, PacifiCorp determined such an approach would be reasonable for its interconnection process as well. Although PacifiCorp is not proposing to adopt a distribution factor methodology in the present proposal, PacifiCorp agrees to reassess the issue in its two-year report to the Commission based on experience with the proposed Cluster Study process.

I. PacifiCorp's proposal for the Gateway South Transition Cluster is reasonable.

As described in the January 31 filing, the Gateway South project is a planned 400-mile, 500 kV transmission line in eastern Wyoming, which will add approximately 1920 MW of interconnection capability for generation projects in this area.⁹² More than half of the Gateway South interconnection capacity is already committed to projects via executed LGIAs.⁹³ As a result of the high demand for transmission interconnection capacity along that corridor, PacifiCorp proposed a Transition Process specific to Gateway South in order to determine which Gateway South-dependent projects would be allocated the capacity not already committed to customers in their LGIAs, and which projects would be contingent on Network Upgrades. Specifically, Section 3.7 of Attachment W states in part:

If the Gateway South-dependent Transition Cluster Study determines that not all Gateway South-dependent Transition Requests can be accommodated by the Gateway South project, Transmission Provider shall allocate the remaining Gateway South project interconnection capacity according to the preexisting Queue Position of each Gateway South-dependent Transition Request. For Gateway South-dependent Transition Requests that are not allocated Gateway South interconnection capacity, Transmission Provider shall identify the incremental Network Upgrades that are required to grant the requested interconnection service to such remaining Gateway South-dependent Transition Requests. To the extent Transmission Provider does not elect to fund the remaining required Network Upgrades identified in the Transition Cluster Study

⁸⁹ RWE Renewables Comments at 6.

⁹⁰ *Id.*

⁹¹ PacifiCorp Proposed Tariff Section 42.4.

⁹² Vail Testimony at 41.

⁹³ *Id.*

report, the funding responsibility for such incremental upgrades beyond Gateway South shall be allocated to each member of the Transition Cluster according to the methodology in Section 3.5 of this Attachment W.⁹⁴

Some commenters express concern that projects seeking to interconnect with the Gateway South transmission line will face prohibitive Network Upgrade costs if their requested interconnection exceeds the line's 1920 MW capacity. These commenters seek clarification on the options available for such projects, and evaluations of whether specific projects will be granted interconnection capacity on Gateway South. Such requests are beyond the scope of this Section 205 proceeding.

Moreover, the comments misunderstand how Network Upgrades beyond Gateway South will be handled. PacifiCorp's proposal provides a fair process for allocating Gateway South interconnection capacity among projects in the Gateway-South Transition Cluster, after setting aside interconnection capacity for Gateway South-dependent interconnection agreements that have been executed as of the effective date of the reforms. If the number of projects that enter the Gateway South Transition Cluster exceed the amount of capacity available on the line after taking into account executed LGIAs, PacifiCorp will allocate the available interconnection capacity according to each project's pre-existing queue position, identify any incremental Network Upgrades that are required to grant the requested interconnection service to the remaining requests, and allocate the cost of those Network Upgrades to the entire Gateway South Transition Cluster.⁹⁵

To the extent that the cost allocation mechanism was unclear in PacifiCorp's filing, PacifiCorp clarifies that the cost of the identified incremental Network Upgrades will be allocated among all members of the Gateway South Transition Cluster, including those interconnecting to the pre-existing available capacity (but not including those with executed LGIAs).⁹⁶ This mechanism will help reduce each customer's share of Network Upgrade costs in the Gateway South Transition Cluster. Moreover, this approach received support during the stakeholder process as "a fair and efficient process for allocating capacity on the Gateway South project" and that will "help propose construction of large-scale transmission backbone projects" which are essential to facilitating interconnections in the region.⁹⁷

J. Project-specific issues fall beyond the scope of this proceeding.

Several commenters raised issues that fall beyond the scope of PacifiCorp's proposal, which is limited to reforms to the company's FERC-jurisdictional interconnection queue. Specifically, BluEarth/Innergex and Renewable Northwest requested clarification regarding the

⁹⁴ Attachment W at Section 3.7.

⁹⁵ PacifiCorp Proposed Tariff, Attachment W Section 3.7.

⁹⁶ Intermountain Wind requested that PacifiCorp provide additional regarding its five executed LGIAs for interconnection along Gateway South and Gateway West, another planned transmission line. Intermountain Wind at 6. As discussed further below, the terms of executed LGIAs remain unchanged by PacifiCorp's queue reform proposal. Accordingly, PacifiCorp declines to comment on any specific LGIA or the rights reflected therein.

⁹⁷ Enyo at 1, 5-6.

process for the upcoming RFP as applied to their specific projects,⁹⁸ including how they may be able to modify their existing executed LGIAs for the RFP (or otherwise) without risking a Material Modification.⁹⁹ These project-by-project requests do not need to be addressed by the Commission in order to find PacifiCorp's reforms just and reasonable, not unduly discriminatory, and consistent with or superior to the *pro forma* LGIP and SGIP.

Notably, PacifiCorp has not proposed any changes to existing, executed interconnection agreements. Consequently, Interconnection Customers' rights and obligations under their executed agreements are not changing as a result of the proposed queue reforms. In addition, PacifiCorp has not modified the definition of a Material Modification other than clarifications to Section 39.4 to address the Cluster Study process. Thus, the Material Modification analysis remains the same Interconnection Customers with executed LGIAs continue to have the same opportunity to propose modifications, and PacifiCorp will assess whether such changes constitute a Material Modification. PacifiCorp will not determine here whether certain kinds of changes will or will not be considered Material Modifications, as these are fact-specific determinations that depend on the terms of the specific interconnection agreement and the other customers in the queue.

Regarding the upcoming RFP, while PacifiCorp is a single company, it is important to note that the queue reforms proffered in this proceeding came from PacifiCorp Transmission, whereas PacifiCorp's resource procurement team is responsible for administering the RFP. PacifiCorp Transmission cannot provide assurances or other information regarding the RFP beyond what is already publicly available. Additionally, other than the Transition Readiness Deadline (as detailed above), none of the queue reforms that PacifiCorp has proposed are linked to the RFP. Thus, PacifiCorp will not address project-specific questions regarding the RFP in this proceeding.

III. Request for Shortened Comment Period

PacifiCorp respectfully requests that the Commission establish a shortened comment period of no more than ten (10) days on PacifiCorp's responses to the deficiency letter. Good cause warrants such a time period. First, many of the issues raised in the deficiency letter have also been addressed by various commenters in this proceeding, and thus intervenors will not be prejudiced by a shortened time period in which to respond. Additionally, the shortened time period will permit the Commission to consider PacifiCorp's Queue Reform Filing as augmented by these responses and issue an order as close to April 1, 2020 as possible, so that PacifiCorp can get the Transition Process underway.

⁹⁸ BluEarth/Innergex Comments at 13; Renewable Northwest Comments at 3-4.

⁹⁹ BluEarth/Innergex Comments at 5, 6, 11.

IV. Conclusion

Wherefore: (1) for the reasons discussed herein PacifiCorp respectfully requests that the Commission establish a shortened comment period of no more than ten (10) days on PacifiCorp's responses to the deficiency letter; and (2) for the reasons discussed herein and in the Queue Reform Filing, PacifiCorp respectfully requests that the Commission issue an order accepting the changes discussed herein, to be effective April 1, 2020.

Respectfully submitted,

/s/ Karen J. Kruse

Karen J. Kruse
Deputy General Counsel
PacifiCorp
825 NE Multnomah, Suite 2000
Portland OR 97232
(503) 813-5863
karen.kruse@pacificorp.com

Christopher R. Jones
Anne K. Dailey
Adrienne L. Thompson
Katherine J. O'Konski
TROUTMAN SANDERS LLP
401 9th Street, NW Suite 1000
Washington, DC 20009
(202) 662-2181
chris.jones@troutman.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the parties identified on the Commission's official service list for this proceeding.

Dated at Portland, OR, this 13th day of March, 2020.

/s/ Christian R. Marble

Christian Marble
Senior Business Administrator
PacifiCorp
825 NE Multnomah St, Suite 2000
Portland, OR 97232