

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

February 13, 2020

Dear Chair Decker, Commissioner Tawney and Commissioner Thompson,

We write today to express our grave concern regarding staff recommendations for dockets UM 1910, 1911 and 1912. Staff has recommended that the Resource Value of Solar (RVOS) approach should be used for other future regulations. We strongly disagree with this recommendation for two reasons.

First, we disagree with RVOS being used for other regulations because the Oregon Legislature has not directed the Public Utility Commission (PUC) to use the RVOS in regulatory proceedings other than Community Solar. Since the RVOS methodology has been finalized and values from the Investor Owned Utilities (IOUs) have been released, the Legislature has not directed the PUC to use RVOS for any other purposes.

The second reason we disagree with using RVOS for future regulations is that the methodology adopted for calculating RVOS is flawed. This has resulted in Oregon's RVOS being well below values in other states. There are a number of technical reasons the methodology is flawed and we refer you to testimony submitted by other organizations for details on these issues.

Our organizations are concerned that Oregon's RVOS methodology only includes "environmental compliance," and does not include any valuation of environmental benefits. This one of the major reasons Oregon's value is much lower than other states.' As a comparison, of 16 RVOS studies undertaken nationwide (as of 2017), only two are lower than Oregon's. Of those 16 studies, only six are below 9 cents/kWh.¹ To highlight two specific examples, Austin Electric uses a current value of solar of 9.7 cents/kWh, which includes a valuation of environmental benefits. Maine's value is 14 cents/kWh and includes the net social cost of carbon and other pollutants in addition to avoided pipeline costs. Oregon's value is out of line with the methodology and values in other states.

In addition, Oregon's RVOS does not reflect Oregon's environmental priorities that the Legislature has set as a state. Oregon has prioritized clean electricity through the Renewable Portfolio Standard (RPS), the RPS increase in SB 1547, net metering, the Green Energy Technology requirement, various

¹ Galen Barbose, *Net metering and rate reforms for distributed solar*, NCSL & NASEO Solar Workshop and Lab, San Antonio, TX June 9, 2017

renewables incentives, and many other programs. The fact that Oregon's RVOS does not include environmental benefits makes it out of line with other priorities the Oregon Legislature has set.

Using a flawed RVOS for future regulations, an RVOS that does not include environmental benefits, could lead to the undervaluing of solar and take Oregon off track to meeting its greenhouse gas reduction goals. We respectfully urge the commission to take a more comprehensive and reasonable view of the full value of solar in future regulations.

Sincerely,

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