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March 8, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,
General Capacity Investigation.
Docket No. UM 2011

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' comments in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2011

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF) COMMENTS OF THE ALLIANCE OF
OREGON,) WESTERN ENERGY CONSUMERS
)
)
General Capacity Investigation.)

I. INTRODUCTION

The Alliance of Western Energy Consumers (“AWEC”) submits the following comments in the above-referenced docket regarding Staff’s Opening Comments outlining and responding to the report provided by Consultant Energy and Environmental Economics, Inc. (“E3 Report”).

a. Staff’s Opening Comments

In accordance with E3’s Report and as explained by Staff, “capacity valuation can be determined by answering two key questions: (1) How much capacity can a resource provide?, and (2) what is the value of capacity?”^{1/} Staff supports “determining the capacity contribution of resources based on [loss-of-load probability (“LOLP”)] principles described in E3’s Report.”^{2/}

Addressing the second question, Staff explains that E3’s methodology turns on two considerations when determining the value of capacity: “1) does the utility need new

^{1/} Docket No. UM 2011, Staff’s Opening Comments, at 2 (Jan. 14, 2021).

^{2/} Id. at 4.

capacity, and 2) how much does capacity cost.”^{3/} Both the Commission’s current avoided cost approach and E3’s framework “distinguishes between the value of capacity depending on whether a utility is resource sufficient or deficient.”^{4/} Staff supports E3’s proposed methodology for periods of resource deficiency and periods of resource sufficiency. However, Staff proposes that a “standard sufficiency period assumption (three years) to distinguish between sufficiency/deficiency period values” should be applied.^{5/}

AWEC is generally comfortable with Staff’s approach. However, AWEC wishes to clarify that the “value” of capacity is dependent on the context. For example, in the context of ratemaking, capacity is determined using long-term marginal costs, not the avoided cost of capacity as described in the Staff’s Opening Comments.^{6/} The purpose of the long-term marginal costs is to assign costs between energy and capacity, based on the marginal cost of building new resources; whereas avoided costs are used to value the new resources being added to the system.

AWEC likely would not support applying Staff’s avoided cost method to cost of service ratemaking. It is AWEC’s understanding that Staff is not specifically making such a proposal; nonetheless, AWEC files these comments to clarify its position on this issue.

II. CONCLUSION

AWEC appreciates the opportunity to provide comments on Staff’s Opening Comments and looks forward to working with the Commission and stakeholders to this docket.

^{3/} Id. at 5 (internal citations omitted).

^{4/} Id. at 4-5.

^{5/} Id. at 5, 3.

^{6/} See id. at 4-5.

Dated this 8th day of March, 2021.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

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