

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 11, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: January 29, 2021

TO: Public Utility Commission

FROM: Marc Hellman

THROUGH: Bryan Conway and JP Batmale **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1910)
Pacific Power Resource Value of Solar and Compliance Filing in
Response to Order No. 19-021.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should accept Pacific Power's (PacifiCorp) July 18, 2019, Compliance Filing inclusive of January 7, 2020, responses to Staff's data requests; and, direct PacifiCorp to annually post on its OASIS website, by July 1 of each year, Oregon substation-level information with respect to overall loadings on a granularity basis no less than low, medium and high utilization as defined by PacifiCorp.

DISCUSSION:

Issue

Whether the Commission should accept PacifiCorp's March 18, 2019 and July 18, 2019, Compliance Filings to Order No. 19-021, as updated for any additional information or clarifications.

Applicable Rule or Order

In Order No. 19-021, issued January 22, 2019, the Commission stated:

In this order, we complete Phase II of the resource value of solar (RVOS) proceeding, and adopt the final methodologies that PacifiCorp, dba Pacific Power, will use to produce its initial set of RVOS values. We direct PacifiCorp to develop revised RVOS calculations consistent with this

order, and file them in this docket by March 18, 2019. We also direct PacifiCorp to file additional information regarding avoided transmission and distribution, generation capacity, and line loss values no later than July 18, 2019.¹

Analysis

Executive Summary

There are no changes in RVOS element estimates from the February 13, 2020, Public Meeting presentation. No errors or corrections needed were identified by any party.

Staff does replace its prior recommended actions by now recommending just one action: to have substation loadings publicly available on OASIS with a classification of low, medium and high.

Background

This docket, along with companion dockets UM 1912 for Portland General Electric (PGE) and UM 1911 for Idaho Power Company (IPCo) are designed to analyze the resource value of solar. The PacifiCorp specific RVOS Order No. 19-021 provides a useful background for RVOS as well as a discussion on the framework for analysis.

As noted above, PacifiCorp was directed to make compliance filings to Order No. 19-021, on March 18 and July 18, 2019. Following the utilities compliance filings on July 18, 2019, Staff held a workshop with the utilities and stakeholders to gather input on the compliance filings.

At the October 29, 2019, Special Public Meeting in docket UM 1930, the Commission requested an informational update on the status of the resource value of solar proceedings. On October 31, 2019, the OPUC Hearings Division Administrative Law Judge, Alison Lackey, issued a memorandum requesting that Staff provide a presentation summarizing the compliance filings, addressing the status of the compliance filings, and outlining any next steps. The presentation was initially scheduled for the January 14, 2020, Public Meeting, but in a communication dated December 23, 2019, was rescheduled to the February 13, 2020, Public Meeting instead. At the February 13, 2020, Public Meeting (Public Meeting), the Commission declined to adopt Staff's recommendations including the finding that PacifiCorp's RVOS estimates are in compliance with the Commission's order and direction. Several concerns were raised by other parties at the Public Meeting that may have given the Commission reason to decline to adopt Staff's recommendation.

To discuss concerns raised at the Public Meeting, Staff scheduled a workshop to be

¹ Order No. 19-021, p. 1.

held March 13, 2020. The workshop was scheduled as an in-person event at PacifiCorp offices in Portland. However, due to emerging Covid-19 health concerns the workshop was cancelled.

A subsequent workshop was scheduled November 9, 2020. The purpose of the workshop was to discuss any party's concerns regarding the utility compliance filings with the proviso that decisions/direction reached in prior Commission orders would not be revisited. Also to be discussed was a Staff idea that given the amount of time that has passed from the prior compliance filings, that new RVOS estimates should be developed and reviewed and presented to the Commission for purposes of obtaining compliance filing approval. At the workshop, the viewpoint was raised that instead of developing new RVOS estimates, the utilities should instead solely address any concerns raised in the November 9, 2020, workshop and modify the prior compliance filings only to the extent necessary to address those concerns. The point being that the goal is to obtain first Commission affirmation on the analytical methods used to achieve compliance. That is to obtain a Commission approval of compliance. After that is achieved next steps could be discussed. Staff agreed with that suggestion.

Therefore, Staff takes a different approach for this memorandum than used in the prior Public Meeting presentation. At that February 13, 2020, Public Meeting, Staff had revised the PacifiCorp values to express them in 2020 dollars. For this public meeting, Staff is not making such adjustments but returning to the PacifiCorp originally-filed values as a starting point.

At the November 9, 2020, workshop, no concerns were voiced concerning PacifiCorp's prior compliance filing that was presented at the Public Meeting and thus no changes to PacifiCorp's filing is warranted. Given that no concerns were voiced, Staff continues to recommend the Commission adopt PacifiCorp's filing, as being compliant to its order.

For the discussion in the following section, this public meeting memo should be treated as an addendum to the February 13, 2020, staff public meeting memo with respect to the discussion and observations. There are some additional insights offered in this memo as well as a change in "next-steps" recommendations. The additional insights and change in recommendations are the result of additional insights gained since publication of the February 13, 2020, Public Meeting memo, as well as the ongoing discussion with other parties, and work and research in Docket UM 2011, the general capacity investigation.

Discussion

Table 1 summarizes PacifiCorp's compliance filing values to Order No. 19-021, and is taken directly from PacifiCorp's July 18, 2019 Compliance Filing.

Table 1 Element	July 18, 2019 Compliance Filing		Change from Prior Filing	
	Real Value (\$/MWh)	Nominal Value (\$/MWh)	Real Value (\$/MWh)	Nominal Value (\$/MWh)
Energy	20.18	24.77	-	-
Generation Capacity	24.23	29.75	-	-
T&D Capacity Deferral	2.89	3.55	0.95	1.16
Line Losses	1.40	1.72	-	-
Integration	-0.63	-0.77	-	-
Administration	-1.98	-2.43	-	-
RPS Compliance	0.60	0.73	-	-
Hedge Value	1.01	1.24	-	-
Environmental Compliance	4.14	5.09	-	-
Market Price Response ²	-0.04	-0.05	-	-
Grid Services	0.00	0.00	-	-
RVOS Total Value	51.81	63.60	0.95	1.16
Utility Scale Proxy (2017 IRP OR Solar Resource; reflects 30% ITC and bonus depreciation)	44.56	54.70	0.95	1.16

Based on PacifiCorp’s responses and Staff’s final analysis, Staff provides additional comments and clarifications below to place a broader context on PacifiCorp’s compliance, identifies near-term improvements that could be made, and provides an overall view on the status of RVOS.

- The appropriate use of the 12X24 Tables, at least with respect to generation capacity, is being discussed in UM 2011 and likely be handled in that docket for determining appropriate application. Even so, at this time, Staff considers those tables as summary tables and not directly appropriate for use to evaluate the value of resources. To appropriately estimate/derive the capacity contribution of a resource either adjustment factors are needed or, better yet, the full 8760 Loss of Load Probability (LOLP) matrix should be used. The basis of this comment is that output of renewable resources (and even some conservation measures) are typically affected by weather and weather also affects loads. Therefore there is likely a statistically significant correlation between the peak load and the

² PacifiCorp also noted that the July 18, 2019, Compliance filing had the values for Market Price Response and RPS Compliance switched in the PacifiCorp-provided summary table. Table 1 correctly matches the element cost estimates for these items.

resource generation. The 12X24 tables reflect averages across the days within the month and hence may not reflect this correlation.

- The 12X24 matrix is appropriate for use in rate design. Almost all rate offerings have generally applicable times and seasons and so seems more appropriate and useful.

Other non-compliance matters

There is one other recommendation Staff offers for Commission consideration. The recommendations is:

Annually post on its website, by July 1, 2021, Oregon substation-level information with respect to overall loadings on a granularity basis no less than low, medium and high utilization as defined by PacifiCorp.

This recommendation is to consider directing the utilities to provide information on the notional locational cost differences the RVOS studies have illustrated. The RVOS study for PacifiCorp shows that transmission and distribution capacity deferral costs are a substantive component of overall costs of roughly 3 \$/MWH. Presumably, areas with surplus substation capacity, along with transmission, would have costs closer to 0\$/MWH. Therefore there are cost differences. The utilities should be directed to post on its OASIS website substation loadings of three classifications—low, medium and high. This information could be useful to independent generators, businesses and consumers and would not be a hardship to the utilities. In email correspondence, PacifiCorp noted that some substation information would need to be redacted to keep customer information proprietary. Staff understands and appreciates that concern and does not oppose that treatment in those instances.

For Future Consideration by the Commission: An Annual Update to RVOS

It would be useful to have the RVOS estimates updated each year. All elements of RVOS could be updated to reflect the most recent information the company has available. For some element estimates, like administration, the update could simply be to restate the value for inflation if there is no improvement in precision that the company can identify as useful to incorporate. The July 1 date recommendation reflects comments from PacifiCorp that the RVOS filing be coordinated with the standard avoided cost filing. PacifiCorp noted that the QF filing typically occurs around April 30, with rates effective 30 days later. PacifiCorp also noted that it updates its avoided costs 30 days after an IRP is acknowledged. Updating would inform the Commission whether and to what extent RVOS has changed.

Staff plans to host a workshop on this topic. Unless directed otherwise by the Commission, Staff will seek to discuss this prospect of annual RVOS filings with

Stakeholders in July or August 2021 after this year's annual PURPA avoided cost updates are completed.

Conclusion

The PacifiCorp second amended compliance filing, inclusive of PacifiCorp's responses to OPUC data requests dated January 7, 2020, complies with the Commission Order No. 19-021.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's July 18, 2019 Compliance Filing inclusive of January 7, 2020, responses to Staff's data requests; and, direct PacifiCorp to annually post on its OASIS website, by July 1 of each year, Oregon substation-level information with respect to overall loadings on a granularity basis no less than low, medium and high utilization as defined by PacifiCorp.