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June 17, 2013

**VIA ELECTRONIC FILING & U.S. MAIL**

Oregon Public Utility Commission  
Attn: Filing Center  
550 Capitol Street, N.E., #215  
P.O. Box 2148  
Salem, Oregon 97308-2148

Re: In the Matter of Public Utility Commission of Oregon Investigation Into  
Qualifying Facility Contracting and Pricing  
**Docket No. UM-1610**

Dear Filing Center:

Enclosed please find the original and five (5) copies of Obsidian Renewables, LLC's Post-Hearing Brief in the above-referenced docket.

Thank you for your assistance with this filing. Should you have any questions, please feel free to contact me.

Very truly yours,



Chad M. Stokes

CMS:sk  
Enclosures

cc: UM-1610 Service List

4827-9286-6068, v. 1

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1610**

In the Matter of	)	
	)	OBSIDIAN RENEWABLES LLC'S
PUBLIC UTILITY COMMISSION OF	)	POST-HEARING MEMORANDUM
OREGON Staff Investigation Into	)	
Qualifying Facility Contracting and	)	
Pricing	)	
	)	

Pursuant to the Prehearing Conference Memorandum dated May 13, 2013, Obsidian Renewables LLC (“Obsidian”) submits this Post-Hearing Memorandum. In light of the narrow scope of cross-examination at the evidentiary hearing, and the lack of opposition to many of the issues raised by Obsidian in this proceeding, Obsidian relies on the Reply Testimony of David Brown and its Pre-Hearing Brief. In order to avoid undue repetition of the Pre-Hearing Brief, Obsidian briefly summarizes its arguments below for the convenience of the Commission. Further support on any of the points summarized below is available in Obsidian’s Pre-Hearing Brief and Reply Testimony.

**1. ISSUE 1A. THE APPROPRIATE METHODOLOGY FOR CALCULATING AVOIDED COST PRICES.**

Obsidian supports the continued use of the methodology for calculating a utility’s renewable avoided cost (“Renewable Rate”) set forth in Commission Order 11-505. Obsidian/100/Brown/3. While this issue seems to have little or no opposition, there has been considerable uncertainty regarding when this rate will be made available because of the status of docket UM 1396. This uncertainty has the potential to negatively impact current and future renewable development. Obsidian urges the Commission to require

the utilities to make the Renewable Rate, calculated consistently with Order 11-505, available to QFs effective immediately.

**2. ISSUE 4A: SHOULD THE COSTS ASSOCIATED WITH INTEGRATION OF INTERMITTENT RESOURCES (BOTH AVOIDED AND INCURRED) BE INCLUDED IN THE CALCULATION OF AVOIDED COST PRICES OR OTHERWISE BE ACCOUNTED FOR IN THE STANDARD CONTRACT?**

Obsidian opposes any effort to apply the wind integration rate to all variable QFs, and the record lacks any justification to do so. Applying wind integration costs on solar projects would be arbitrary and would unfairly discriminate against solar projects by imposing costs that are unjustified. While some of the utilities argue that the wind integration rate should apply to all variable QFs, all other parties oppose it. For example, Commission Staff supports exempting solar QFs from wind integration costs because solar QF penetration is small enough to minimize any potential harm to ratepayers. Staff/200/Bless/18. CREA and OneEnergy also argue that the Commission should not allow the use of a wind integration charge for solar projects. OneEnergy/100, Eddie/32; CREA/200, Reading/17. RNP and ODOE also oppose integration charges for solar projects. RNP/100, Lindsey/8-9; ODOE/100, Carver/10. The Commission should reject any effort to impose wind integration charges on solar QFs, unless and until there is a specific study that demonstrates the appropriate charge to impose, if any.

**3. ISSUE 5A: SHOULD THE COMMISSION CHANGE THE 10MW CAP FOR THE STANDARD CONTRACT?**

The Commission should retain the 10MW cap for the standard contract, which has worked well in terms of fostering an active QF industry in this state. Obsidian/100/Brown/10. There is no question that reducing the threshold for standard contracts would make the development of clean energy in Oregon more difficult and more expensive. Obsidian/100/Brown/10. No party has presented any legitimate

justification to reduce the 10 MW cap, which would be a significant step backwards in terms of renewable power development in Oregon.

Obsidian also concurs with the recommendation of OneEnergy and Staff to clarify the definition of solar QF output for purposes of eligibility for the standard contract. For present purposes, the Commission should adopt the industry standard conversion factor of 0.85 to convert nominal solar panel DC output for purposes of standard contract eligibility. A factor of 0.85 is consistent with the factor used for the solar feed-in tariff. See Order No. 10-200 at 5; OAR 860-084-0040(2). Obsidian also believes, however, the question of how to measure the capacity of a solar project is a more complex question that merits further study.

### **CONCLUSION**

Obsidian encourages the Commission to adopt and enforce QF contracting policies that are consistent with PURPA's goal of encouraging clean energy investment. Obsidian respectfully requests the Commission: (a) Order the purchasing utilities to immediately make their respective Renewable Rates available to QFs; (b) Recognize that not all variable energy generating technologies cause the same impacts to a utility, and therefore reject any attempt to apply wind integration charges to solar projects; and (c) Retain the 10 MW eligibility cap for standard contracts, and adopt the conversion factor of 0.85 to determine the eligibility of solar facilities for the standard contract.

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Dated this 17<sup>th</sup> day of June 2013.

Respectfully submitted,

/s/Chad Stokes

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## CERTIFICATE OF SERVICE

I hereby certify that I caused to be served the foregoing *OBSIDIAN RENEWABLES LLC's POST-HEARING MEMORANDUM* via electronic mail and, where paper service is not waived, via postage-paid first class mail upon the following parties of record:

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Dated in Portland, Oregon, this 17<sup>th</sup> day of June 2013.

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