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**VIA ELECTRONIC FILING**

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Public Utility Commission of Oregon  
P.O. Box 1088  
Salem, OR 97308-1088

**Re: UM 1716 - In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,  
Investigation to Determine the Resource Value of Solar**

Attached for filing in the above-referenced docket is an electronic copy of Idaho Power Company's Reply Brief.

Please contact this office with any questions.

Very truly yours,

Wendy McIndoo  
Office Manager

Attachment

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1716**

In the Matter of  
  
PUBLIC UTILITY COMMISSION OF  
OREGON,  
  
Investigation to Determine the Resource  
Value of Solar.

**IDAHO POWER COMPANY'S  
REPLY BRIEF**

In accordance with the August 10, 2016, ruling issued by Administrative Law Judge Sarah Rowe, Idaho Power Company ("Idaho Power" or "Company") submits this Reply Brief to the Public Utility Commission of Oregon ("Commission").

**I. INTRODUCTION**

Commission Staff ("Staff") and the utilities—Idaho Power, Portland General Electric Company ("PGE"), and PacifiCorp—generally support the adoption of Staff's proposed methodology and model elements for determining the resource value of solar ("RVOS") as presented in Staff's Opening Testimony.<sup>1</sup> While no party contests the appropriateness of the ten elements for the RVOS model as proposed by Staff,<sup>2</sup> Renewable Northwest, Oregon Solar Energy Industries Association, NW Energy Coalition, and Northwest Sustainable Energy for Economic Development (collectively, "Joint Parties"), The Alliance for Solar Choice ("TASC"), and the Oregon Department of Energy ("ODOE") propose the inclusion of additional placeholder elements in the RVOS model. For brevity and because there are few

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<sup>1</sup> Staff's Initial Brief at 17; Idaho Power's Initial Brief at 4; PacifiCorp's Initial Brief at 2; PGE's Initial Brief at 4; Staff/100, Dolezel/4-5; Staff/200, Olson/25-33.  
<sup>2</sup> Staff's Initial Brief at 1.

1 contested issues in this proceeding, in this Reply Brief, Idaho Power reaffirms the positions  
2 expressed in its Initial Brief, and briefly addresses the contested issues.

## 3 II. DISCUSSION

### 4 A. **Idaho Power Supports the Adoption of Staff's Proposed RVOS Model and 5 Methodology for the Purpose of Determining the RVOS for Small-Scale, Mass 6 Market Solar Resources.**

7 The scope of the current phase of this proceeding is limited to the consideration of the  
8 RVOS model elements and methodology.<sup>3</sup> The utility-specific model inputs will be  
9 determined during the next phase.<sup>4</sup> Idaho Power continues to support the adoption of Staff's  
10 proposed RVOS model,<sup>5</sup> with the ten elements as defined by Staff.<sup>6</sup>

11 TASC recommends that the Commission establish guiding principles for inputs to the  
12 model elements, specifically regarding transparency, granularity, and completeness of data  
13 inputs.<sup>7</sup> TASC's comments are premature during this phase of the proceeding, and the  
14 Commission should refrain from evaluating the model inputs until the next phase.

15 Joint Parties recommend that the Commission clarify that the RVOS model's use is  
16 not limited to a particular program.<sup>8</sup> As explained by Staff, however, the RVOS model was  
17 initially designed for a limited purpose—quantifying the "25 year marginal, levelized value  
18 for a generic, small-scale solar resource installed in 2016."<sup>9</sup> If the RVOS model is to be  
19 applied in a different context, different inputs may need to be considered.<sup>10</sup> Idaho Power

20 <sup>3</sup> *In the Matter of Pub. Util. Comm'n of Or. Investigation to Determine the Resource Value of Solar*,  
21 Docket No. UM 1716, Order No. 15-296 at 2 (Sept. 28, 2015).

22 <sup>4</sup> *Id.*

23 <sup>5</sup> Idaho Power's Initial Brief at 4.

24 <sup>6</sup> The ten elements include: (1) Energy, (2) Generation Capacity, (3) Line Losses, (4), Transmission  
25 and Distribution Capacity, (5) Renewable Portfolio Standard Compliance, (6) Integration and Ancillary  
26 Services, (7) Administration, (8) Market Price Response, (9) Hedge Value, and (10) Environmental  
Compliance. Staff's Opening Brief at 5.

<sup>7</sup> TASC's Initial Brief at 2, 5.

<sup>8</sup> Joint Parties' Initial Brief at 1.

<sup>9</sup> Staff/400, Olson/4 (emphasis in original).

<sup>10</sup> Staff/400, Olson/4-5; RNW, OSEIA, NWECA, NW SEED/200, O'Brien/6.

1 agrees with Staff that the Commission does not need to determine all of the potential  
2 applications of the RVOS model at this time.<sup>11</sup> Nonetheless, if the Commission elects to  
3 make a statement regarding application of the RVOS model to other types of systems, Idaho  
4 Power recommends that the Commission also clarify that the appropriateness of the model  
5 elements will be reevaluated prior to application to other types of systems.

6 **B. The Commission Should Reject the Recommendations to Expand the Model to**  
7 **Include Additional Elements.**

8 Idaho Power urges the Commission to reject the recommendations to include  
9 additional elements in the RVOS model that are not linked to the cost of service to utility  
10 customers or that have no current relevance to existing solar and utility systems in Oregon.  
11 Specifically, the Commission should reject the recommendations to include a new element  
12 for reliability, resiliency, and security, to create a placeholder element for societal benefits,  
13 and to divide the Integration and Ancillary Services element in two separate elements. In  
14 lieu of creating placeholder elements for benefits that do not yet exist, Idaho Power  
15 recommends the Commission adopt Staff's proposal to review and update the RVOS model  
16 every two years.<sup>12</sup> As part of the update process, the Commission may consider whether it  
17 is appropriate or necessary to modify elements or adopt new elements for the RVOS model.

18 **1. The Commission Should not Include an Element for Reliability, Resiliency,**  
19 **and Security.**

20 TASC, Joint Parties, and ODOE recommend that the Commission include an element  
21 in the RVOS model to account for reliability, resiliency, and security benefits provided by  
22 solar.<sup>13</sup> Idaho Power agrees with Staff that it is inappropriate to include an element to  
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24 <sup>11</sup> Staff's Initial Brief at 16.

25 <sup>12</sup> Staff/100, Dolezel/9; Staff/200, Olson/44.

26 <sup>13</sup> TASC's Initial Brief at 6; Joint Parties' Initial Brief at 4-6; ODOE's Initial Brief at 2.

1 account for such benefits when “the vast majority of distributed solar generation in Oregon  
2 will not provide these benefits.”<sup>14</sup> The Commission should reject the recommendation to  
3 include an element in the RVOS model to account for reliability, resiliency, and security  
4 benefits.

5 **2. The Commission Should Not Create a Placeholder Element for Societal**  
6 **Benefits.**

7 TASC recommends the Commission adopt a placeholder element for the value of  
8 societal benefits of solar.<sup>15</sup> Idaho Power agrees with Staff that TASC’s proposed societal  
9 benefits element does not meet the Commission’s criteria for inclusion in the RVOS model,<sup>16</sup>  
10 and that it is inappropriate to include a placeholder element “for which no benefits or costs  
11 can actually accrue.”<sup>17</sup> The Commission should reject the recommendation to adopt a  
12 placeholder element for societal benefits.

13 **3. The Commission Should Not Divide the Integration and Ancillary Services**  
14 **Element into Two Separate Elements.**

15 TASC, Joint Parties, and ODOE recommend that the Commission divide the  
16 Integration and Ancillary Services element into two separate elements so that ancillary  
17 services may be quantified as a potential benefit rather than a cost.<sup>18</sup> Idaho Power agrees  
18 with Staff that the Commission should decline this recommendation because the currently  
19 existing solar systems in Oregon are not capable of providing the ancillary services  
20 benefits.<sup>19</sup> If and when such benefits become available and quantifiable, Idaho Power would  
21 be open to reevaluating the treatment of ancillary services as a benefit in the RVOS model.

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23 <sup>14</sup> Staff’s Initial Brief at 14.  
24 <sup>15</sup> TASC’s Initial Brief at 3.  
25 <sup>16</sup> Order No. 15-296 at 2 (“we will only consider elements that could directly impact the cost of service  
26 to utility customers”).  
<sup>17</sup> Staff’s Initial Brief at 12.  
<sup>18</sup> TASC’s Initial Brief at 13-14; Joint Parties’ Initial Brief at 10-12; ODOE’s Initial Brief at 2-3.  
<sup>19</sup> Staff’s Initial Brief at 15.

1 However, the Commission should refrain from creating an additional ancillary services  
2 element at this time while it is uncertain what, if any, benefits may accrue from it.

3 **4. The Commission Should Adopt a Biennial Update Schedule for the RVOS**  
4 **Model to Evaluate the Ongoing Relevance and Appropriateness of Model**  
5 **Elements and Inputs.**

6 Idaho Power recommends that the Commission adopt Staff's proposal to update the  
7 RVOS model every other year, instead of adopting model elements that do not at this time  
8 result in costs or benefits to utility customers. Staff proposed the biennial update "to keep  
9 the RVOS current with market trends and to be consistent with the IRP process and  
10 schedule" and to reflect changes in "fuel and CO2 price projections, changes in the  
11 configuration of utility transmission and distribution systems, and other factors."<sup>20</sup> During  
12 the biennial update process, parties may present evidence regarding any proposed  
13 modifications to the RVOS model, including additional model elements if applicable or  
14 relevant. A biennial review and update approach will provide certainty to parties regarding  
15 the RVOS model elements and will be more efficient than including elements based on  
16 speculation as to possible future benefits or costs and continuing to debate the timing and  
17 appropriateness for inclusion of such elements. Accordingly, the Commission should adopt  
18 a biennial update rather than including placeholder elements.

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26 <sup>20</sup> Staff/100, Dolezel/9; Staff/200, Olson/44.

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**CONCLUSION**

Idaho Power respectfully requests that the Commission approve Staff's proposed RVOS model and reject the modifications to the model proposed by TASC, ODOE, and the Joint Parties.

DATED: September 19, 2016.

**McDOWELL RACKNER GIBSON PC**  


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