September 19, 2016

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Public Utility Commission of Oregon
P.O. Box 1088
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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's signature]

Wendy McIndoo
Office Manager

Attachment
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.1 While no party contests the appropriateness of the ten elements for the RVOS model as proposed by Staff,2 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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1 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.
2 Staff's Initial Brief at 1.
contested issues in this proceeding, in this Reply Brief, Idaho Power reaffirms the positions expressed in its Initial Brief, and briefly addresses the contested issues.

II. DISCUSSION

A. Idaho Power Supports the Adoption of Staff’s Proposed RVOS Model and Methodology for the Purpose of Determining the RVOS for Small-Scale, Mass Market Solar Resources.

The scope of the current phase of this proceeding is limited to the consideration of the RVOS model elements and methodology.\(^3\) The utility-specific model inputs will be determined during the next phase.\(^4\) Idaho Power continues to support the adoption of Staff’s proposed RVOS model,\(^5\) with the ten elements as defined by Staff.\(^6\)

TASC recommends that the Commission establish guiding principles for inputs to the model elements, specifically regarding transparency, granularity, and completeness of data inputs.\(^7\) TASC’s comments are premature during this phase of the proceeding, and the Commission should refrain from evaluating the model inputs until the next phase.

Joint Parties recommend that the Commission clarify that the RVOS model’s use is not limited to a particular program.\(^8\) As explained by Staff, however, the RVOS model was initially designed for a limited purpose—quantifying the “25 year marginal, levelized value for a generic, small-scale solar resource installed in 2016.”\(^9\) If the RVOS model is to be applied in a different context, different inputs may need to be considered.\(^10\) Idaho Power

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\(^4\) Id.

\(^5\) Idaho Power’s Initial Brief at 4.


\(^7\) TASC’s Initial Brief at 2, 5.

\(^8\) Joint Parties’ Initial Brief at 1.

\(^9\) Staff/400, Olson/4 (emphasis in original).

\(^10\) Staff/400, Olson/4-5; RNW, OSEIA, NWEC, NW SEED/200, O’Brien/6.
agrees with Staff that the Commission does not need to determine all of the potential applications of the RVOS model at this time. Nonetheless, if the Commission elects to make a statement regarding application of the RVOS model to other types of systems, Idaho Power recommends that the Commission also clarify that the appropriateness of the model elements will be reevaluated prior to application to other types of systems.

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

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


TASC, Joint Parties, and ODOE recommend that the Commission include an element in the RVOS model to account for reliability, resiliency, and security benefits provided by solar. Idaho Power agrees with Staff that it is inappropriate to include an element to

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11 Staff’s Initial Brief at 16.
12 Staff/100, Dolezel/9; Staff/200, Olson/44.
13 TASC’s Initial Brief at 6; Joint Parties’ Initial Brief at 4-6; ODOE’s Initial Brief at 2.
account for such benefits when "the vast majority of distributed solar generation in Oregon will not provide these benefits." The Commission should reject the recommendation to include an element in the RVOS model to account for reliability, resiliency, and security benefits.

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

TASC recommends the Commission adopt a placeholder element for the value of societal benefits of solar. Idaho Power agrees with Staff that TASC's proposed societal benefits element does not meet the Commission's criteria for inclusion in the RVOS model, and that it is inappropriate to include a placeholder element "for which no benefits or costs can actually accrue." The Commission should reject the recommendation to adopt a placeholder element for societal benefits.

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

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

14 Staff's Initial Brief at 14.
15 TASC's Initial Brief at 3.
16 Order No. 15-296 at 2 ("we will only consider elements that could directly impact the cost of service to utility customers").
17 Staff's Initial Brief at 12.
18 TASC's Initial Brief at 13-14; Joint Parties' Initial Brief at 10-12; ODOE's Initial Brief at 2-3.
19 Staff's Initial Brief at 15.
However, the Commission should refrain from creating an additional ancillary services element at this time while it is uncertain what, if any, benefits may accrue from it.

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

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

20 Staff/100, Dolezel/9, Staff/200, Olson/44.
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.

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