

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1716, UM 1910, UM 1911 & UM 1912

In the Matters of

PACIFICORP, dba PACIFIC POWER,
Resource Value of Solar (UM 1910)

IDAHO POWER COMPANY, Resource
Value of Solar (UM 1911)

PORTLAND GENERAL ELECTRIC
COMPANY, Resource Value of Solar
(UM 1912).

and

PUBLIC UTILITY COMMISSION OF
OREGON, Investigation to Determine the
Resource Value of Solar (UM 1716)

**CLOSING BRIEF OF
RENEWABLE NORTHWEST**

I. INTRODUCTION

Renewable Northwest is grateful to the Public Utility Commission of Oregon (the “Commission”) for this opportunity to submit our Closing Brief in these Resource Value of Solar (“RVOS”) dockets. This brief responds to three items in other parties’ initial briefs: First, we express concern regarding PacifiCorp’s proposed energy value. Second, we point out several instances where parties appear to be improperly deviating from the Commission’s approved RVOS methodology, including parties’ efforts to set the value of RVOS elements at zero. And third, we encourage the Commission to convene a workshop to determine a methodology for valuing grid services provided by solar resources.

II. ARGUMENT

A. PacifiCorp's proposed energy value appears to be inappropriately shaped by Energy Imbalance Market ("EIM") data and improperly omits EIM data points.

In its brief, PacifiCorp proposes to use EIM hourly prices to shape the values of the forward price curve among the hours in the day, but omitting certain EIM data points. We have two concerns with this proposal: first, we question whether EIM data are an appropriate basis for shaping hourly energy prices; and second, we disagree with PacifiCorp's decision to omit relevant data points.

We agree with Staff that "EIM settlement prices may inform the marginal value for a subset of PacifiCorp's resources, but the shape of those prices does not reflect the value to the system as a whole."¹ This mirrors the testimony of Michael O'Brien that we submitted in docket UM 1910, which "question[ed] how informative pricing data from a 5–15 minute spot energy market may be in creating the 12x24 hourly price shape."²

Moreover, to the extent PacifiCorp uses EIM data at all, it should not arbitrarily exclude data points reflective of real market conditions. In explaining why it elected to exclude certain EIM data, PacifiCorp gives the example that "in June 2017, EIM prices in PacifiCorp's western balancing area for a given hour included one 15-minute interval with prices of \$1,000/MWh—whereas the average price for that period was \$19/MWh" and calls this occurrence something "akin to [a] random outlier[]." ³ However, PacifiCorp does not explain how the circumstances behind that price spike (or others) were unique and unlikely to recur. To the extent PacifiCorp elects to use EIM data, they should use all of it rather than arbitrarily excluding "outlier" data that nevertheless reflect real market occurrences with real price impacts that the EIM was

¹ UM 1910, 1911, 1912, Staff's Opening Brief at 6 (Jul. 26, 2018).

² UM 1910, RNW/100, O'Brien/7 (Mar. 16, 2018).

³ UM 1910, PacifiCorp's Opening Brief at 7.

designed to respond to. Altogether, PacifiCorp’s proposal to set arbitrary boundaries on the EIM data it uses further demonstrates that using EIM data for price shaping is inappropriate.

B. Omitting RVOS elements or setting them to zero undermines the methodology established in Phase I.

Some parties seek to omit RVOS elements or set them to zero. For example, PacifiCorp says it “continues to believe that avoided environmental compliance costs are not a reasonable RVOS element at this time” because “PacifiCorp does not currently face any environmental compliance obligations that could be avoided with the addition of solar.”⁴ PacifiCorp also “recommends removing [market price response] from the RVOS calculation” on the grounds that this element is “administratively burdensome” and has “minimal impact on accuracy.”⁵ Idaho Power “recommends omitting the market price response, hedge value, environmental compliance, and RPS compliance elements.”⁶ These examples do not present an exhaustive list of elements parties are seeking to omit or set to zero.

Omitting RVOS elements at this stage, when those elements were established at the end of Phase I, after rigorous cross-party engagement and debate, would undermine the Commission’s RVOS process. This is true even of elements that are included only for informational purposes at this stage, as approving inadequate approaches to these elements would set bad precedent for further iterations of the RVOS. We agree with Staff that the utilities should be required to conform to the methodologies already established in these dockets.⁷

⁴ UM 1910, PacifiCorp’s Opening Brief at 26.

⁵ UM 1910, PacifiCorp’s Opening Brief at 21.

⁶ UM 1911, Idaho Power’s Opening Brief at 17-18.

⁷ *See, e.g.*, UM 1910, 1911, 1912, Staff’s Opening Brief at 18 (recommending “that the Commission require [PacifiCorp] to follow the Methodology as adopted by the Commission” regarding market price response), 21 (noting that “PacifiCorp’s approach of quantifying environmental compliance costs only in a single year is insufficient, and should be replaced by carbon compliance costs used in the 2017 IRP”), and 25 (recommending “that the Commission direct Idaho Power to modify its calculation of the values for (1) administration costs, (2) market price response ... (3) environmental compliance”).

C. Renewable Northwest encourages the Commission to convene a workshop to determine a methodology for valuing grid services provided by solar resources.

The Oregon Department of Energy and Staff both referred in their briefs to the Commission's suggestion that Renewable Northwest develop a proposal for valuing smart inverters and other grid services that could be provided by solar resources.⁸ We are grateful that the Commission is interested in our input on this important issue. However, rather than having Renewable Northwest or any single stakeholder develop a proposal, we encourage the Commission to initiate a workshop process in order to value grid services in a manner that captures the benefits of full stakeholder participation.

III. CONCLUSION

Renewable Northwest again thanks the Commission for this opportunity to submit our Closing Brief and is grateful to the other stakeholders for their participation. We recommend that the Commission reject PacifiCorp's proposed shaping of the energy value and the utilities' attempts to eliminate or set at zero RVOS elements in contravention of methodology established by the Commission. We also encourage the Commission to convene a workshop to establish a value for the grid services provided by solar resources.

Respectfully submitted this 9th day of August, 2018.

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⁸ UM 1910, 1911, 1912 Oregon Department of Energy's Opening Brief at 1; UM 1910, 1911, 1912 Staff's Opening Brief at 23.