ISSUED: July 24, 2017

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.	MEMORANDUM

On June 29, 2017, I notified the parties that the Commission has requested an opportunity to examine witnesses in this proceeding. That hearing is scheduled for August 1, 2017, at 1:30 pm.

To help the parties prepare for the hearing, I provide the following information:

- **Purpose**: As I explained in my June 29 Scheduling Memorandum, the Commissioners requested the ability to question the witnesses on the recently filed testimony "in the hope of adding more specificity to its order that will finalize the straw proposal that was issued in Order No. 17-085. The Commission's goal is to issue a detailed order with specific directives that will guide the utilities in their initial RVOS compliance filings in Phase II."

- **Hearing Format**:

    - All witnesses will be simultaneously sworn and called to a line of tables facing the Commissioners and Administrative Law Judge.[1] All witnesses will be simultaneously questioned in three phases.
      (1) Issues related to Energy, Avoided Capacity, and Transmission;
      (2) Issues related to all other elements; and
      (3) Issues related to future proceedings.

    - After each phase, the parties will be given the opportunity to conduct cross-examination on matters addressed within the scope of the Commissioner examination. Following any cross, the applicable parties will be given the opportunity to conduct limited redirect to address matters raised within the scope of the Commissioner Examination or party cross.

[1] The witnesses are as follows: PGE: Darren Murtaugh and Jacob Goodspeed; PacifiCorp: Rick Link; Idaho Power: Michael Youngblood; CUB: Bob Jenks; TASC: Eliah Gilfenbaum; ODOE: Jesse Ratcliffe; RNW, OSEIA, NWEC, NW SEED: Michael O'Brien; and Staff: Mark Bassett and Arne Olson (via telephone).

- **Scope of Questioning**

  - *Contested Methodologies*:

The Commissioners will first question witnesses on the proposed resolution of the following contested element methodologies or approaches. The Commission has not decided on these approaches, but solicits feedback at the hearing on the advantages and disadvantages of the below proposals.

Energy, Capacity, and T&D:

- Using a 12 x 24 block for energy prices (for each of the 12 months in a year, utilities would create from their average monthly on and off peak prices a typical day shape of 24 hours for that month).

- All utilities to use standard QF, forward market prices. PacifiCorp and Idaho Power may provide 12 x 24 block created from their system-dispatch values as a reference point for energy and capacity, with the option to demonstrate that those system-dispatch values are preferable.

- All utilities' initial RVOS compliance filings include an explanation of how their energy values are scaled to represent the average price under a range of hydro conditions, as described by E3 at Staff/502, Bassett/1-2 (stating that low hydro conditions may increase energy prices much more than high hydro conditions decrease them and concluding that hourly marginal energy prices used in RVOS should be scaled to represent the average price under a range of hydro conditions).

- For capacity, retain the straw proposal methodology that references current QF practice for pricing, but modify the straw proposal to require the utilities to remove forecasted incremental solar generation from load planning forecasts in their initial RVOS compliance filings.

- Adding a workshop to explore options for valuing capacity additions from resources smaller than major resources/100 MW.

- Utilities' initial RVOS compliance filings will use a system average for T&D, but the utilities will provide testimony on how they can make progress towards a more granular value.

All Other Elements:

- Utilities' initial RVOS compliance filings will use hourly averages of lines losses for the daytime hours when load on the system is higher and losses are greater and solar is generating.

- Instead of convening workshops for market price response and hedge value, the utilities' initial RVOS compliance filings will use the E3 model to create a proxy value for market price response, and for hedging use E3's suggested proxy value of 5 percent of energy.

- The Integration and Ancillary Services element would be simplified so that it is only the utilities' integration costs based on acknowledged wind and solar integration studies. "Ancillary Services" will be removed from this element, and added as "Grid Services" to the last element.

- The Security, Reliability, and Resiliency element is to be changed to "Grid Services" to capture the potential incremental system benefits from solar. TASC is to make a proposal on how take a utility RVOS filing and modify it to generate a value for solar plus storage. RNW is to make a proposal for valuing enabled smart inverters based on best practices or other utility experiences.

o ***Future Proceedings***

The Commissioners will also question the witnesses to help guide this and other RVOS-related proceedings. Specifically, the Commissioners hope to complete Phase I with an order issued by the end of September, and initiate Phase II with utility-specific filings. The Commission also proposes Staff-led workshops to address other issues.

PROPOSED SCHEDULE			
Phase II RVOS Filings	**Date**	**Related Workshops**	**Date**
Utilities' Individual RVOS Filings in new dockets	November 30, 2017		
Staff/Intervenor responsive testimony and Company reply testimony on RVOS filings	January and February 2018		
		Staff-led workshops in UM 1716 on certain elements and implementation issues related to community solar	January 2018
Potential Hearing on Utility Specific RVOS filings	March 2018	Staff to present results of UM 1716 workshops at a Public Meeting	March 2018
Briefs on Utility Specific RVOS filings	April 2018		
Commission Order on Utility Specific RVOS filings, followed by utility compliance filings	June 2018		

For their respective RVOS filings, each utility would calculate RVOS using two methodologies. First, each utility would calculate RVOS using a combined cycle gas plant as the avoided resource with the following elements: Energy, Capacity, T&D, Line Losses, Administration, RPS Compliance, Integration and Ancillary Services, Environmental Compliance, and Security, Resiliency, and Reliability. Second, as a reference point, the utilities should provide a RVOS assuming a utility scale solar proxy to replace energy, capacity, RPS compliance, integration and ancillary services, and environmental compliance elements.

To develop the compliance filings, the utilities would populate two separate E3 workbooks with above listed elements for 25 years beginning 2018, and providing all supporting assumptions and data.

Dated this 24th day of July, 2017, at Salem, Oregon.

Sarah Rowe
Administrative Law Judge