

CASE: UE 416
WITNESS: CURTIS DLOUHY

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2800

Rebuttal and Cross Answering Testimony

July 21, 2023

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Curtis Dlouhy. I am an economist employed in the Strategy and
3 Integration Division of the Public Utility Commission of Oregon (OPUC). My
4 business address is 201 High Street SE, Suite 100, Salem, Oregon 97301.

5 **Q. Please describe your educational backgrounds and expertise.**

6 A. My witness qualifications statement can be found in Exhibit Staff/301.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to address AWEC's proposed adjustment to
9 NVPC resulting from changes to the Company's assumptions guiding dispatch
10 of thermal resources (thermal parameters) in MONET.

11 **Q. How is your testimony organized?**

12 A. My testimony is organized as follows:

13 Issue 1. MONET Thermal Parameters..... 2

1

ISSUE 1. MONET THERMAL PARAMETERS

2

Q. Please describe AWEC's adjustment to the Company's thermal parameters in MONET and the reasons behind the adjustments.

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4

A. In its opening testimony, AWEC noted that there were several material discrepancies between the generator data contained in its Western EIM master file that PGE submitted to CAISO in December and the values that were used to model power costs in MONET.¹ In particular, AWEC noted that **[BEGIN**

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8

HIGHLY CONFIDENTIAL] [REDACTED]

9

[REDACTED] [END HIGHLY CONFIDENTIAL] in the Western EIM master file

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than in MONET. Based on this discrepancy, AWEC adjusted the plant

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capacities in MONET to match the capacities reported in the Western EIM

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master file and shaped the capacities proportionally according to the shape of

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monthly capacities seen in MONET. The result of this adjustment is

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approximately a **[BEGIN HIGHLY CONFIDENTIAL]** [REDACTED] **[END HIGHLY**

15

CONFIDENTIAL] reduction to overall NVPC.²

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Q. How did the Company respond to AWEC's adjustment?

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A. The Company disagreed with AWEC's adjustment, calling it unreasonable and opportunistic. In particular, the Company notes that the parameters reported to

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EIM are *maximum* potential capacities that can only be achieved under optimal

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ambient conditions and emergency operating conditions.³ Further, the

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Company states that while the maximum capacities reported to CAISO are

¹ AWEC/100, Mullins/28.

² AWEC/100, Mullins/29.

³ PGE/1500, 21

1 indeed higher than what is found in MONET, PGE updates CAISO with more
2 up-to-date plant capacities when necessary.⁴

3 **Q. What analysis has Staff done on the issue?**

4 A. Staff investigated the plant parameters in the Western EIM master file
5 contained in the Company's response to AWEC DR No. 182 and compared the
6 maximum capacities to the thermal capacities found in MONET. Staff identified
7 the discrepancies that AWEC discusses in its opening testimony and then
8 further investigated why these discrepancies occurred. In its investigation,
9 Staff both checked to see if there is a functionalized reason that these
10 discrepancies existed and if the discrepancies led to an improper dispatch of
11 thermal resources in MONET relative to historic actuals.

12 **Q. What did Staff find after its analysis?**

13 A. It is worth pointing out that Staff had limited time to investigate this issue and
14 only offers preliminary thoughts regarding AWEC's analysis in its opening
15 testimony and the Company's response to said analysis.

16 Based on Staff's analysis of the parameters in MONET, it appears that
17 MONET is technically capable of producing capacities that are in line with the
18 Western EIM master file submission. Any discrepancies appear to be the
19 product of MONET adjusting for ambient temperature conditions.

20 Further, Staff's spot check of actual thermal dispatch versus MONET
21 thermal dispatch does not appear to suggest that MONET is improperly
22 curtailing the thermal resources on average. Staff notes that this comparison is

⁴ Id.

1 merely suggestive because MONET presents average dispatch at the monthly
2 level, which necessarily eliminates the nuance of when the resources were
3 dispatched and how the market price would interact with that to ultimately
4 impact NVPC.

5 **Q. What do you mean that MONET is technically capable of allowing the**
6 **gas plants to achieve a higher capacity.**

7 A. Based on Staff's inspection of MONET, each gas plant's capacity is a function
8 of the ambient plant temperature, humidity, and/or barometric pressure. This is
9 done because the efficiency of thermal plants varies with weather. For
10 example, thermal plants run more efficiently when it is cold. This
11 functionalization of the plants' capacities appears to be done in a manner that
12 is consistent with design documents for each of the thermal plants that PGE
13 included with its power cost filing. Based on Staff's limited analysis, the
14 thermal plants would in theory be able to reach the maximum capacities in the
15 Western EIM master file under optimal ambient conditions.

16 For the purposes of running MONET, the Company appears to have
17 chosen to use average monthly values for the ambient conditions.

18 **Q. Do you agree with the Company's choice to use monthly average**
19 **ambient conditions as an input in MONET.**

20 A. Yes, for now. Staff however reserves the right to update its view if another
21 party brings up compelling reasons in this round of testimony why different
22 values should be used. In previous pieces of testimony on this docket, Staff
23 has advocated for the use of reasonable forward-looking expectations when

1 modeling power costs. At this moment, Staff thinks that using average ambient
2 conditions serves as the best monthly proxy for up-to-date plant capacities for
3 the purpose of forecasting power costs given the constraints of MONET.

4 However, as Staff has previously pointed out, Staff believes that the
5 Company should consider switching to a more sophisticated model and is
6 interested in seeing how a more nuanced model that could perhaps consider
7 daily or hourly shapes of ambient conditions would affect NVPC forecasts.

8 **Q. Did you compare actual generation at the gas plants to MONET-**
9 **forecasted dispatch.**

10 A. Yes. I compared actual dispatch to MONET-forecasted dispatch to check if
11 there is reason to doubt the validity of using monthly average ambient
12 conditions. One could reasonably create a scenario where some of these gas
13 plants only operate when ambient conditions are most optimal, say during very
14 low temperatures and desirable barometric conditions. In this scenario, it might
15 be the case that the Company's actual thermal generation consistently
16 outperforms the average monthly capacity used as the MONET input. AWEC
17 points out that there are indeed individual hours in which PGE's actual
18 generation at some plants is higher than MONET's capacities.⁵

19 Given that the model is forecasting power costs for an entire year and
20 presents data at the monthly level, Staff chose to inspect the actual monthly
21 gas dispatch over the last four years and compare that to MONET's dispatch.
22 Staff does not feel that a small subset of hours exceeding the modeled

⁵ AWEC/100, Mullins/29.

1 capacity is worthy of a change to the capacities in MONET, but if it is indeed
2 the case that MONET is consistently underutilizing its gas plants then there
3 may be reason to model higher capacities in MONET.

4 Staff's comparison of monthly actual dispatch to MONET dispatch did not
5 find any notable discrepancies.

6 **Q. Given these findings, what does Staff think about PGE's choice of**
7 **thermal parameters?**

8 A. Staff believes that the Company's thermal parameters appear to be reasonably
9 modeled with respect to capacities of its thermal plants as they respectively
10 change due to the ambient conditions noted earlier. As a general principle,
11 Staff believes the Company modeling should be consistent with what the
12 Company reports to the EIM. Staff's review found that this appeared to be the
13 case.

14 **Q. Do you have any testimony regarding the other remaining issue in the**
15 **NVPC portion of this docket concerning how reserves are modeled in**
16 **MONET?**

17 A. No. Currently, Staff has not reached a conclusion on the issue. Staff will
18 review the testimony provided on this issue and may address it in briefs.

19 **Q. Does this conclude your testimony?**

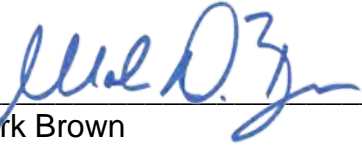
20 A. Yes.

CERTIFICATE OF SERVICE

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I certify that this day I served the foregoing document upon all the following parties or attorneys of parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid or by electronic mail pursuant to OAR 860-001-0180 (which may include a link to a secure shared file service).

Dated this 21st day of July, 2023 at Salem, Oregon



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