

BEFORE THE PUBLIC UTILITY COMMISSION

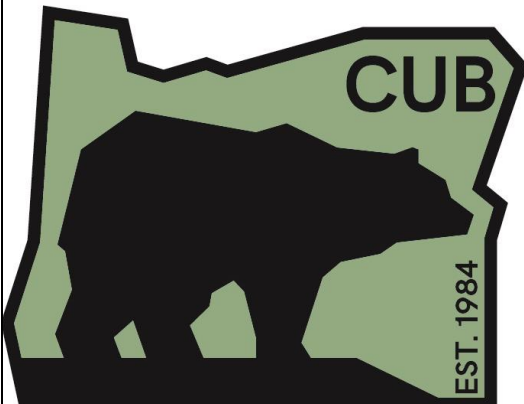
OF OREGON

UM 1716

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

**OPENING TESTIMONY
OF THE
OREGON CITIZENS' UTILITY BOARD**

MAY 5, 2017



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OF OREGON
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I. INTRODUCTION

My name is Bob Jenks. My qualifications are provided in CUB Exhibit 101. CUB felt the January 31st hearing was helpful and generally supports the approach proposed by Mr. Olson.

II. STRAW PROPOSAL

Below CUB discusses elements of the Staff’s straw proposal. CUB is concerned about the use of the terms “methodology” and “values”. The Straw Proposal describes *methodologies* and states that the next step is for utilities to produce *values* based on those methodologies. However, the proposed methodologies are at such a high level (conceptual methodologies), that there will be several additional steps required to produce actual values. Most importantly, utilities will need to produce more detailed and specific methodologies in order to implement the conceptual methodology. CUB suspects that there will be controversy and disagreement over these specific methodologies. CUB is concerned that prospective criticism of a utilities’ specific

1 implementation methodology will lead to disagreements over whether that criticism is an
2 appropriate topic in Phase II of the docket.

3 For example, with regards to the Energy element, the Straw Proposal requires
4 utilities to “examine and evaluate different schemes for weighting hydro years and report
5 the results of their examination.”¹ The result of this is not a value, but an evaluation of
6 methodologies (schemes). In Phase II, parties will need to be able to discuss the
7 methodology used to weigh hydro years.

8 CUB largely supports the conceptual methodologies in the Straw Proposal.
9 However, CUB reserves the right to challenge the specific methodologies that utilities
10 develop in order to implement each RVOS element.

11 **A. Energy.**

12 CUB is supportive of the Straw Proposal’s conceptual methodology.

13 **B. Generation Capacity.**

14 CUB is supportive of the Straw Proposal’s conceptual methodology.

15 **C. Transmission and Distribution Capacity.**

16 CUB is supportive of the Straw Proposal’s conceptual methodology. CUB
17 recognizes that locational information is preferable for a number of reasons. Namely, the
18 circumstances where distributed generation will allow distribution investments will be
19 location specific, and this information will be important in designing demand response
20 programs and locating storage projects. But CUB also recognizes that it will take time to
21 develop methods to identify locational growth related deferrable investments, and there is
22 interest in community solar today. CUB agrees that a system-wide average is a

¹ OPUC Order No. 17-085.

1 reasonable proxy to begin the development of RVOS, but CUB recognizes that there is a
2 need to go beyond the proxy after getting the program started.

3 **D. Line Losses.**

4 CUB is supportive of the Straw Proposal. CUB agrees that it is more accurate to
5 use marginal line losses from the hours that PV systems generate rather than average line
6 losses across the system.

7 **E. Administration.**

8 CUB agrees with the Straw Proposal. CUB notes that the Straw Proposal reflects
9 direct, incremental costs, not indirect or allocated costs. Utilities will need to provide
10 sufficient justification for these costs.

11 **F. Market Price Response.**

12 The Straw Proposal defers this element to Phase II with a workshop/technical
13 conference to develop an empirically-sound methodology. CUB is supportive of this
14 process.

15 **G. RPS Compliance.**

16 CUB is supportive of the Straw Proposal.

17 **H. Hedge Value.**

18 The Straw Proposal defers this element to Phase II to develop a methodology.
19 CUB notes that the hedge value has been somewhat controversial, and utilities have
20 argued that the hedge value is zero. CUB disagrees. In PGE's current IRP, it continues
21 to claim that a long-term acquisition of natural gas reserves is a physical hedge against
22 future gas prices. CUB has generally disagreed, because there are new risks associated

1 with production and environmental remediation of gas reserves. Solar PV, on the other
2 hand, does provide a long-term physical hedge against changes in fuel and wholesale
3 market prices without adding significant new risks to the system. Developing this
4 methodology in Phase II is reasonable. However, CUB is concerned that, if there is a
5 lack of agreement on a methodology in Phase II, hedging will not be included in the
6 RVOS or will be given zero value. CUB does not believe that zero is a reasonable
7 forecast of the hedge value.

8 **I. Integration and Ancillary Services.**

9 CUB is supportive of the Straw Proposal.

10 **J. Environmental Compliance.**

11 CUB is supportive of the Straw Proposal.

12 **K. Security, Reliability, and Reserves.**

13 CUB is supportive of the Straw Proposal.

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15 **L. General Issues.**

16 1. **25- year analysis.** CUB is supportive of using a 25 year analysis.

17 It is important that the value of solar be based on the life of the solar facility.

18 2. **Utility-Scale Resource.** The Straw Proposal requires utilities to produce an
19 alternative estimate of RVOS using a utility-scale resource. At the workshop, Mr.
20 Olson proposed using a utility-scale resource if its cost is less than the cost of
21 conventional generation. While CUB agrees with this conceptually, CUB

1 believes that this is not a Phase II issue, but should be part of the IRP evaluation
2 of resources.

3 **III. Conclusion**

4 CUB appreciates the work that has gone into developing these conceptual
5 methodologies and is generally supportive of the Straw Proposal.

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WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Citizens' Utility Board of Oregon

TITLE: Executive Director

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UE 233, UE 246, UE 283, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, UM 1355, UM 1635, UM 1633, and UM 1654. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: National Association of State Utility Consumer Advocates
Board of Directors, OSPIRG Citizen Lobby
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America
Board of Directors (Public Interest Representative), NEEA