

**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.

Reply Testimony of Michael O'Brien on  
behalf of Renewable Northwest, the NW  
Energy Coalition, Northwest Sustainable  
Energy for Economic Development, and  
the Oregon Solar Energy Industries  
Association.

June 2017

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**I. INTRODUCTION**

**Q. Please state your name, title, and business affiliation.**

A. My name is Michael O'Brien, Research Director at Renewable Northwest. My business address is 421 SW 6<sup>th</sup> Avenue, Suite 975, Portland, OR 97204.

**Q. Are you the same Michael O'Brien that filed testimony previously in this proceeding?**

A. Yes, my testimony previously filed in this proceeding, marked as RNW, OSEIA, NWECA, NW SEED/100, includes my qualifications.

**Q. On whose behalf are you testifying?**

A. This testimony is on behalf of Renewable Northwest, the Oregon Solar Energy Industries Association, the NW Energy Coalition, and Northwest Sustainable Energy for Economic Development.

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

A. I am responding to Opening Testimony filed in this UM 1716 proceeding on May 5, 2017.

**Q. What does your testimony address?**

A. My testimony addresses stakeholder testimony on the application of the resource values of solar ("RVOS"), putting stakeholders' testimony in the context of the entire docket as it has unfolded since the beginning of 2015. Then I discuss potential pitfalls in the use of the Straw Proposal's utility-scale solar proxy. This is followed by an exploration of the suitability of PacifiCorp's Partial Displacement Differential Revenue Requirement ("PDDRR") method for determining the energy value of solar resources under

1 consideration in UM 1716. Finally, I address testimony on the schedule for  
2 Phase II.

3 **II. APPLICATION OF THE RVOS**

4 **Q. Have future uses of the RVOS been considered before in this docket?**

5 A. Yes, I addressed this question in my Cross Responsive Testimony from July  
6 2016. In response to the question “Did UM 1716 anticipate future uses of the  
7 RVOS?”,<sup>1</sup> I answered:

8 UM 1716 is an ‘Investigation to Determine the Resource Value  
9 of Solar’ and neither anticipated nor ruled out a particular  
10 application of the RVOS methodology. In Order 15-296 the  
11 Commission “find[s] there could be many potential policy and  
12 ratemaking uses for the resource value of solar, and in this  
13 order we are *not prejudging potential future uses*” [emphasis  
14 added].<sup>2</sup> This comports with Renewable Northwest’s  
15 recollection of the understanding developed amongst the  
16 majority of the stakeholders during the Scoping Workshops of  
17 May and June 2015.<sup>3</sup>

18 Based on the Commission’s language, I concluded that in Order 15-296, the  
19 Commission made clear its intention to not prejudice potential future uses of  
20 the RVOS.<sup>4</sup>

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<sup>1</sup> RNW/200 O'Brien/2

<sup>2</sup> OPUC Order 15-296

<sup>3</sup> RNW/200 O'Brien/2

<sup>4</sup> RNW/200 O'Brien/5

1 **Q. Why was this question considered during your Cross-Responsive**  
2 **Testimony almost one year ago?**

3 At the time, Idaho Power had stated that “the definition and application of  
4 RVOS was intended by the Legislature to be limited to Solar PV Programs  
5 [also known as the volumetric incentive rate or solar pilot program]”.<sup>5</sup> Also,  
6 in the context of discussing the increased penetration of net metered  
7 resources in Oregon, Pacific Power (or “PacifiCorp”) stated that if the RVOS is  
8 improperly valued, “the end result is a potential shifting of a utility’s fixed  
9 and other costs between customers deploying rooftop solar and those that  
10 are choosing not to deploy rooftop solar.”<sup>6</sup>

11 **Q What concerned you about these statements at the time?**

12 A. Both statements appear contrary to the Commission’s intent in Order 15-296.  
13 Idaho Power’s statement restricted the RVOS methodology to the volumetric  
14 incentive rate, thereby prejudging future uses of the RVOS methodology.  
15 PacifiCorp’s statement assumed that the RVOS would replace net-metering in  
16 some way, which also prejudices future uses of the RVOS methodology.

17 **Q. Why is this relevant to your current testimony?**

18 A. In Portland General Electric’s (“PGE”) Direct Testimony in this docket, dated  
19 May 5, 2017, witnesses Darren Murtaugh and Jacob Goodspeed are asked,  
20 “Has there been any specific indication of how the Resource Value of Solar  
21 will ultimately be used?”, to which they answer, “Yes”.<sup>7</sup>

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<sup>5</sup> Idaho Power/100 Youngblood/8 lines 8-10

<sup>6</sup> PAC/100 Dickman/2

<sup>7</sup> PGE/300 Murtaugh-Goodspeed/3

1 **Q. Do PGE's witnesses cite specific indications?**

2 A. Yes. PGE's witnesses cite two specific indications:

3 A specific application for the resource value of solar has  
4 been identified for community solar and was specified in the  
5 2016 legislation, SB 1547. Additionally, in the UM 1758  
6 Solar Incentives Report from the Commission to the Oregon  
7 Legislature, resource value of solar "should also be used for  
8 net metering...We will open a docket on examining the  
9 resource value of solar for net metering".<sup>8</sup>

10 **Q. Does SB 1547's application of the RVOS to community solar suggest that**  
11 **the Commission is prejudging potential future uses of the RVOS?**

12 A. No, for two reasons. Firstly, in Order 15-296 the Commission stated "we are  
13 not prejudging potential future uses" for the RVOS.<sup>9</sup> Indeed, the application of  
14 the RVOS to community solar was made by the legislature, not the  
15 Commission. Secondly, Senate Bill 1547 contains provisions for community  
16 solar projects in which "an electric company shall credit an owner's or  
17 subscriber's bill for the amount of electricity generated by a community solar  
18 project for the owner or subscriber in a manner that reflects the resource  
19 value of solar."<sup>10</sup> This legislative language merely states that a community  
20 solar subscriber shall be credited "in a manner that reflects" the RVOS, not  
21 necessarily by the RVOS directly.

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<sup>8</sup> PGE/300 Murtaugh-Goodspeed/3

<sup>9</sup> OPUC Order 15-296

<sup>10</sup> Enrolled Senate Bill 1547 (SB 1547-B)

1 **Q. In your view, does assuming the application of the RVOS to net-**  
2 **metering in UM 1716 prejudice potential future uses of the RVOS?**

3 A. Yes. For the reasons outlined above, as also noted in my prior cross-  
4 responsive testimony. My understanding is that prejudging potential future  
5 uses of the RVOS would be contrary to Order 15-296.

6 **Q. Did “Staff’s HB 2941 Solar Incentive Report to the Legislature” in UM**  
7 **1758 prejudice potential uses of the RVOS?**

8 No. In “Staff’s HB 2941 Solar Incentive Report to the Legislature” in UM  
9 1758,<sup>11</sup> filed November 1, 2016, the following recommendation was made:

10 Align the solar net metering program so that the  
11 compensation method used is the same as the  
12 compensation method used for Oregon’s Community Solar  
13 program under SB 1547.

14 I would like to make three observations about this statement. First: it is a  
15 recommendation to the legislature, not a statement of action, so it does not  
16 necessarily give an indication of how the RVOS will be ultimately used.  
17 Second: SB 1547 states that a subscriber to a community solar project will be  
18 credited “in a manner that reflects the resource value of solar”, not  
19 necessarily the RVOS directly.<sup>12</sup> Third: according to the OPUC eDockets page  
20 for UM 1758, the report in which this recommendation appears is “Staff’s”,

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<sup>11</sup> Date 11/1/2016, Action: Other Filing/Pleading, Description: Staff’s HB 2941 Solar Incentive Report to the Legislature, <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=19942>

<sup>12</sup> Enrolled Senate Bill 1547 (SB 1547-B)

1 and is therefore not a prejudgment of the future use of the RVOS by the  
2 Commission.<sup>13</sup>

3 **Q. Does Staff's report in UM 1758 include any further commentary on this**  
4 **recommendation?**

5 Yes. "Staff's HB 2941 Solar Incentive Report to the Legislature" in UM 1758  
6 provides the following detail on the recommendation:

7 The same compensation method for solar generation should  
8 be used for both solar net metering and Community Solar on a  
9 going forward basis. Senate Bill 1547 (2016) requires that an  
10 electric company credit owners or subscribers of a  
11 Community Solar project with a rate that reflects the resource  
12 value of solar. This value should also be used for net metering.  
13 We are currently conducting an investigation to determine  
14 the resource value of solar energy. Once we make this  
15 determination, we will open a docket on examining the  
16 integration of the resource value of solar for solar net  
17 metering.

18 I observe that this Staff recommendation suggests that the same value  
19 "should" be used for community solar, as for net metering, not that it will.  
20 Furthermore, the report states that "we will open a docket on examining" the  
21 integration of the RVOS into net-metering, which suggests an exploration of  
22 the costs and benefits of such a move, and does not prejudge the outcome.

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<sup>13</sup> Date 11/1/2016, Action: Other Filing/Pleading, Description: Staff's HB 2941 Solar Incentive Report to the Legislature, <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=19942>

1 **Q. Do other stakeholders address how the RVOS will be applied in their**  
2 **May 2017 testimony?**

3 A. Yes. Rick Link, of PacifiCorp, testified:

4 PacifiCorp's position, however, will ultimately be informed  
5 by how the RVOS is applied. While there appears to be some  
6 certainty that the RVOS will be used to determine  
7 compensation for some solar generation [cite: UM 1716  
8 Hearing Transcript (TR) 28, lines 11-15 (Savage). Stating  
9 that compensation is one of the potential uses of the RVOS],  
10 it is still not clear the exact role the RVOS will play in, for  
11 example, setting the bill credit rate for the community solar  
12 program...<sup>14</sup>

13 I agree that the exact use of the RVOS, beyond informing how community  
14 solar subscribers will be credited, is not clear. Stakeholders have been able to  
15 approach consensus on many issues in this docket with the understanding  
16 that the uses of the RVOS—beyond determining the extent of cost-shifting, if  
17 any, in Investigation 2—have not yet been decided.

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19 **III. USE OF THE UTILITY-SCALE SOLAR PROXY**

20 **Q. What is the utility-scale solar proxy?**

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<sup>14</sup> PAC/300 Link/3



1 A. In the presentation given by Arne Olson of Energy and Environment  
2 Economics (“E3”) during the Hearing on January 31, 2017, the idea of a  
3 “utility solar proxy” was discussed.<sup>15</sup> Mr. Olson presented:

4 A utility scale solar resource should be used as the Reference  
5 Resource if its cost is less than the cost of conventional  
6 generation. The cost of the Solar Proxy resource replaces the  
7 Energy, Generation Capacity, Integration and Ancillary  
8 Services, Administration, Market Price Response, Hedge Value  
9 and Environmental Compliance elements [...] Utility solar  
10 proxy does not have line loss reduction or T&D deferral value  
11 but does have additional RPS compliance value.<sup>16</sup>

12 **Q. Have you raised concerns about the utility solar proxy before?**

13 A. Yes. In my Response Testimony from June 2016,<sup>17</sup> I raised concerns about  
14 Mr. Olson’s decision to “include functionality to calculate the RVOS using both  
15 a conventional [fossil] and a utility solar avoided cost proxy”.<sup>18</sup> In prior  
16 testimony, Mr. Olson argued that this was appropriate given the rapidly  
17 declining costs of solar,<sup>19</sup> a trend that we acknowledged.<sup>20</sup> Mr. Olson stated  
18 that such a comparison between distributed and utility-scale solar could be  
19 plausible in the future when “the cost to the utility of serving load with

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<sup>15</sup> UM 1716, Hearing Jan 31, 2017, “Proposed Oregon RVOS Methodology Overview”, Slide 17, E3, Arne Olson

<sup>16</sup> UM 1716, Hearing Jan 31, 2017, “Proposed Oregon RVOS Methodology Overview”, Slide 17, E3, Arne Olson

<sup>17</sup> RNW, OSEIA, NWECA/100 O'Brien/10-11

<sup>18</sup> Staff/200 Olson/39 lines 12-17

<sup>19</sup> Staff/200 Olson/39 lines 3-5

<sup>20</sup> RNW, OSEIA, NWECA/100 O'Brien/11

1 conventional generating resources (either gas-fired resources or market  
2 purchases) may exceed the cost to the utility of acquiring a like amount of  
3 solar energy at utility scale”, i.e., when the avoided marginal resource is  
4 solar.<sup>21</sup> In my Response Testimony of June 2016, I stated that I looked  
5 forward to such a day, but that I was concerned that E3’s methodology could  
6 be used to attempt to make the case that utility-scale solar is somehow  
7 “better” than distributed rooftop solar.<sup>22</sup>

8 In reality, utility-scale solar and rooftop solar are two different types  
9 of resources with different sets of values and costs, as acknowledged by E3.<sup>23</sup>  
10 We recommend that the Commission take careful note of what conclusions  
11 stakeholders draw if they use the RVOS methodology with utility-scale solar  
12 as the avoided cost proxy.<sup>24</sup>

13 **Q. Have stakeholders drawn conclusions about using a utility-scale solar**  
14 **proxy?**

15 A. Yes. Mr. Link of PacifiCorp states:

16 Mr. Olson proposed replacing certain RVOS elements—  
17 hedging, environmental compliance, renewable portfolio  
18 standards (RPS) compliance, energy generation, capacity  
19 integration and ancillary services, administration, market  
20 price response—with the cost of a utility scale solar resource  
21 built in a similar location [cite: TR 135–136 (Olson)]. Mr.

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<sup>21</sup> Staff/200 Olson/37 lines 1–4

<sup>22</sup> RNW, OSEIA, NWECA/100 O'Brien/11

<sup>23</sup> Staff/200 Olson/35 lines 15–21 and Olson/36 lines 1–2.

<sup>24</sup> RNW, OSEIA, NWECA/100 O'Brien/11

1 Olson noted that Arizona and Nevada are moving towards  
2 using this methodology as their primary methodology, and  
3 not just as a check of another calculation [cite: TR 139  
4 (Olson)].<sup>25</sup>

5 Mr. Link then indicated his support for the proposal for utilities to produce  
6 an alternative estimate of RVOS using a utility-scale solar resource.<sup>26</sup>

7 **Q. Do you have any information about methodologies in Arizona?**

8 A. In Arizona Public Service's ("APS") latest rate case, a "Resource Comparison  
9 Proxy [RCP] Plan of Administration" was filed with the Arizona Corporation  
10 Commission ("ACC").<sup>27</sup> The RCP is a:

11 Proxy for the avoided cost of providing electrical service that  
12 results when a distributed generator exports power to the  
13 grid. The RCP is calculated using; (i) a rolling historical five-  
14 year weighted average cost of grid-scale solar photovoltaic  
15 facilities that the Company owns or has rights to through a  
16 solar photovoltaic Purchased Power Agreement (PPA); and  
17 (ii) applicable Avoided Transmission Capacity Cost, Avoided  
18 Distribution Capacity Cost, and Line losses.<sup>28</sup>

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<sup>25</sup> PAC/300 Link/4

<sup>26</sup> PAC/300 Link/5

<sup>27</sup> Arizona Corporation Commission, Docket No, E-01345A-16-0123, Appendix H  
<http://docket.images.azcc.gov/0000178645.pdf>

<sup>28</sup> Arizona Corporation Commission, Docket No, E-01345A-16-0123, Appendix H  
<http://docket.images.azcc.gov/0000178645.pdf>

1 **Q. Is the Arizona RCP methodology appropriate for UM 1716 in Oregon?**

2 A. No, I do not think so. Using an RCP-like method would be problematic in  
3 Oregon for at least two reasons. Firstly, the RCP is equating behind-the-meter  
4 rooftop solar to utility-scale solar plus the benefits from avoided  
5 transmission, distribution, and line losses. However, behind-the-meter solar  
6 is a customer choice, and comes with its own unique package of costs and  
7 benefits. The RCP logic would imply that if a customer had a wind net-  
8 metered system, then the customer's compensation for excess generation  
9 should be based on utility-scale wind projects, when the only characteristic  
10 they have in common (like the comparison of rooftop solar and utility-scale  
11 solar) is the type of fuel they use.

12 **Q. Do you have any information about methodologies in Nevada?**

13 A. In Orders from 2015 and 2016, the Public Utility Commission for the State of  
14 Nevada ("PUCN") ordered the utility, NV Energy, to change the way it  
15 compensated Nevadan net-metering customers for the excess energy their  
16 net-metered systems produced.<sup>29</sup> The new rate of compensation was  
17 essentially the wholesale market rate "and a credit for reduced energy/line  
18 losses".<sup>30</sup>

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<sup>29</sup> Net Metering Rates & Rules, PUCN, March 2016  
[http://puc.nv.gov/uploadedFiles/pucnvgov/Content/Consumers/Be\\_Informed/Fact\\_Sheet\\_Net\\_Metering.pdf](http://puc.nv.gov/uploadedFiles/pucnvgov/Content/Consumers/Be_Informed/Fact_Sheet_Net_Metering.pdf)

<sup>30</sup> Net Metering Rates & Rules, PUCN, March 2016  
[http://puc.nv.gov/uploadedFiles/pucnvgov/Content/Consumers/Be\\_Informed/Fact\\_Sheet\\_Net\\_Metering.pdf](http://puc.nv.gov/uploadedFiles/pucnvgov/Content/Consumers/Be_Informed/Fact_Sheet_Net_Metering.pdf)

1 **Q. Is the Nevadan methodology for compensating net-metered customers**  
2 **for their excess energy appropriate for UM 1716?**

3 A. No. The Nevadan methodology leaves out many of the costs and benefits that  
4 stakeholders have gradually come to a consensus on in UM 1716.

5 **Q. Are you suggesting that the RVOS methodology cannot be adapted and**  
6 **used for larger, utility-scale projects, such as those that community**  
7 **solar program participants might subscribe to?**

8 A. No. I believe elements could be adjusted and recalculated to allow the  
9 methodology to be used to determine a RVOS that could then be reflected in  
10 the bill credits received by, for example, community solar subscribers. I am  
11 arguing that a utility-scale solar proxy should not be used if determining the  
12 RVOS for behind-the-meter rooftop solar systems.

13 **Q. So you see the RVOS being applied to rooftop solar?**

14 A. Only to the degree that the RVOS for rooftop solar will need to be  
15 determined in UM 1716 Investigation 2, which will explore the extent of cost-  
16 shifting, if any, between participating and non-participating solar customers.

17 **Q. What uses does Mr. Link propose for a utility-scale solar resource**  
18 **proxy?**

19 A. Mr. Link testified that the "Utility scale solar resource costs could be an  
20 effective tool to establish a cap on the RVOS value [...] At a minimum, an  
21 RVOS based on a utility scale solar resource would provide a valuable  
22 reference point for evaluating the reasonableness of the RVOS developed

1 under the methodology adopted by the Commission.”<sup>31</sup> Mr. Link’s proposal  
2 that utility-scale solar resource costs establish a cap on the RVOS is  
3 problematic.

4 **Q. Why is Mr. Link’s proposal problematic?**

5 A. Using utility-scale solar resource costs to establish a “cap on the RVOS value”  
6 for, presumably, behind-the-meter rooftop solar would be wrong. Utility-scale  
7 solar and rooftop solar would be compared to each other based solely on  
8 their fuel source. In fact, these technologies are two distinct classes of  
9 generation, selected by different types of entities for different reasons, each  
10 bringing their own set of costs and benefits to the system. Furthermore,  
11 using the utility-scale solar resource costs to establish a cap on the RVOS for  
12 behind-the-meter solar would falsely imply that the two were mutually  
13 exclusive, and somehow in competition with each other. This is clearly not  
14 the case. A customer could (1) have behind-the-meter solar, (2) be supplied  
15 with utility-scale solar from its host utility, (3) potentially subscribe to a  
16 future community solar program, or (4) be supplied with some combination  
17 of the prior three.

18 **Q. Do other stakeholders agree with your position on the use of a utility-**  
19 **scale solar proxy?**

20 A. Yes. Bob Jenks of the Oregon Citizens’ Utility Board (“CUB”) stated that while  
21 he agreed “conceptually” with the Commission’s Straw Proposal requirement

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<sup>31</sup> PAC/300 Link/5

1 “to produce an alternative estimate of RVOS using a utility scale resource”<sup>32</sup>,  
2 he testified that “this is not a Phase II issue, but should be part of the IRP  
3 evaluation of resources.”<sup>33</sup> Eliah Gilfenbaum of The Alliance for Solar Choice  
4 (“TASC”) testified, “I am concerned that using this type of [utility scale solar]  
5 proxy approach is not well suited to assessing the value of resources with  
6 generation profiles that are different than utility scale solar”.<sup>34</sup>

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8 **IV. SUITABILITY OF PACIFICORP’S PDDRR METHODOLOGY FOR**  
9 **DETERMINING THE ENERGY VALUE OF SOLAR RESOURCES UNDER**  
10 **CONSIDERATION IN UM 1716**

11 **Q. Do you wish to reply to the testimony on the Element 1— Energy**  
12 **offered by any particular witness?**

13 A. Yes. I wish to reply to the testimony of Mr. Link, witness for PacifiCorp.

14 **Q. How do you characterize Mr. Link’s testimony on Element 1—Energy?**

15 A. According to Mr. Link, the PDDRR method that PacifiCorp currently uses for  
16 non-standard Qualifying Facility (“QF”) rates is “reasonable and appropriate  
17 for determining the energy value of solar resources under consideration in  
18 this docket.”<sup>35</sup>

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<sup>32</sup> CUB/100 Jenks/4

<sup>33</sup> CUB/100 Jenks/5

<sup>34</sup> TASC/300 Gilfenbaum/14

<sup>35</sup> *Id.* at ln. 13-14.

1 **Q. Do you have any general concerns about the use of methods that, like**  
2 **PDDRR, are used in the context of the Public Regulatory Policies Act of**  
3 **1978 (“PURPA”)?**

4 A. Yes. As I outlined in my May 5, 2017, testimony, a PURPA framework is not  
5 necessarily appropriate in the context of the RVOS methodology because it  
6 would tie the RVOS to the significant regulatory uncertainty associated with  
7 PURPA. For that reason, I recommended that the Commission adopt methods  
8 not directly affected by the regulatory uncertainty of PURPA.

9 **Q. Do you agree with Mr. Link that using the PDDRR method to calculate**  
10 **Element 1—Energy is reasonable and appropriate in the context of this**  
11 **docket?**

12 A. No. The PDDRR method does not appear reasonable or appropriate for  
13 estimating Element 1—Energy because the only known likely application of  
14 this RVOS methodology will require assessing the RVOS for solar systems  
15 that are smaller than non-standard solar QFs. The Commission currently  
16 allows PacifiCorp to use its PDDRR method in the context of non-standard  
17 avoided cost rates available to solar QFs larger than 3 MW.<sup>36</sup> Currently, we  
18 know of two likely applications for the RVOS methodology that will emerge  
19 from this docket: (1) the community solar program under development in  
20 Docket No. AR 603,<sup>37</sup> and (2) an investigation into the extent of cost-shifting,  
21 if any, from net metering (Investigation 2 of this docket). Both of these

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<sup>36</sup> UM 1716, PAC/100 Dickman/12.

<sup>37</sup> S.B. 1547 (2016), Section 22(6)(a) (Requiring that electric companies compensate community solar participants “in a manner that reflects the resource value of solar energy” unless the Commission has good cause to set a different rate)



1 applications require estimating the RVOS of solar systems ranging from a few  
2 kW up to 3 MW.<sup>38</sup> As a result, if the Commission decides to rely on PURPA in  
3 this docket, estimating Element 1—Energy with methods used in the context  
4 of standard avoided costs is more reasonable and appropriate than using the  
5 PDDRR method.

6 **Q. Do you have any additional concerns with using the PDDRR method to**  
7 **calculate Element 1—Energy?**

8 A. Yes. In addition to the concerns I raise above, using PDDRR in the context of  
9 the RVOS does not seem reasonable or appropriate because the use of  
10 PDDRR in the context of non-standard avoided cost rates may not yet be  
11 settled.

12 The Commission opened Docket UM 1802 to explore “whether  
13 PacifiCorp’s non-standard avoided cost pricing should include a renewable  
14 price option, and if so, how that renewable price option should be  
15 calculated.”<sup>39</sup> In that docket, Staff proposed an alternative approach to  
16 calculate the non-standard renewable avoided cost prices. If the Commission  
17 does not adopt Staff’s proposed method, Staff “supports reverting to the  
18 method adopted under Order No. 07-360 for pricing nonstandard QFs, both  
19 renewable and nonrenewable: adjusting standard nonrenewable avoided  
20 cost prices to account for a specific QF’s characteristics, based on the factors  
21 prescribed by FERC[.]”<sup>40</sup> Should the Commission adopt that

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<sup>38</sup> Staff’s Proposed Rules for community solar would cap individual projects at 3 MW.

<sup>39</sup> UM 1802, Order 16-429 at 1 (Nov. 09 2016).

<sup>40</sup> UM 1802, Staff/100 Andrus/17 at ln. 7-11.

1 recommendation, the PDDRR method would no longer be in use for non-  
2 standard avoided cost rates.

3 **V. PHASE II SCHEDULE**

4 **Q. Can you summarize the stakeholder positions on Phase II?**

5 A. Yes. Phase II will result in the calculation of utility-specific resource values of  
6 solar. Both Idaho Power and PacifiCorp call for opening utility-specific  
7 dockets<sup>41</sup> in order to avoid utilities sharing confidential information with  
8 each other. PGE also prefers “to propose values for each element through a  
9 compliance filing process”.<sup>42</sup>

10 Staff proposed a full schedule for Phase II, giving utilities six months  
11 (as a placeholder) to develop values after Phase I is resolved by Order.<sup>43</sup> In  
12 parallel, for the first three months, workshops would be conducted to  
13 develop methodologies “for valuing market price response and hedge  
14 value”.<sup>44</sup> If methodologies for calculating these two elements can be agreed  
15 upon, the utilities would include these in their final calculations due at the  
16 end of the six-month period.<sup>45</sup> If agreements cannot be reached, utilities  
17 would be required to use one of the values proposed in the workshop to  
18 value market price response, and would be required to determine a hedge  
19 value based on a methodology recommended by Staff. After utility values are  
20 circulated, Staff would hold workshops to discuss the utility proposals and

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<sup>41</sup> Idaho Power/300 Youngblood/10 and PAC/300 Link/2.

<sup>42</sup> PGE/300 Murtaugh-Goodspeed/11

<sup>43</sup> Staff/500 Bassett/4

<sup>44</sup> Staff/500 Bassett/4

<sup>45</sup> Staff/500 Bassett/4

1 allow parties to offer recommendations.<sup>46</sup> This would be followed by a pre-  
2 hearing conference and a testimony schedule.<sup>47</sup> Following testimony, there  
3 would be the opportunity for a hearing and briefing, after which the  
4 Commission will issue a Phase II order “finally determining” RVOS methods  
5 for each utility.<sup>48</sup>

6 However, PacifiCorp clarified that while they supported “the  
7 treatment of the market price response, hedge value, and security, resiliency  
8 and reserves elements outlined in the Straw Proposal [...] these elements  
9 should not be include in the compliance filing calculations.”<sup>49</sup>

10 **Q. Is agreement on a schedule for Phase II within reach?**

11 Yes. I believe that the Phase II workshops on elements without a  
12 methodological consensus will provide room for all stakeholders to focus on  
13 a specific issue and potentially come to an agreement. After these workshops,  
14 the extent to which these particular elements could/would be included in the  
15 utilities’ final calculations will be clearer.

16 Staff’s suggested schedule, subject to utility confidentiality concerns,  
17 seems reasonable.

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<sup>46</sup> Staff/500 Bassett/4

<sup>47</sup> Staff/500 Bassett/4

<sup>48</sup> Staff/500 Bassett/4

<sup>49</sup> PAC/300 Link/2

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**VI. CONCLUSION**

2 **Q. Do you have any further comments?**

3 A. No.

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

5 A. Yes, thank you.