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.	)

REPLY TESTIMONY

OF THE

OREGON CITIZENS' UTILITY BOARD

JUNE 7, 2017

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I. COMMENTS

My name is Bob Jenks. My qualifications were provided in CUB Exhibit 101 to CUB's May 5, 2017 Opening Testimony. CUB continues to largely support the methodologies proposed in Staff's straw proposal. CUB will limit its reply testimony to addressing four specific issues raised by other stakeholders in this matter.

First, CUB supports Staff's rationale for requiring utilities to model a range of hydro conditions when calculating an estimate of the avoided cost of energy. CUB continues to strongly believe that the RVOS methodology must recognize the value of solar in protecting customers in years with low hydro conditions. As CUB previously highlighted, over the next 25 years, the region may experience a 1-in-25 year bad hydro scenario or 2.5 events that represent 1-in-10 bad hydro scenarios.[1] This Commission has long recognized that hydro risk is

[1] CUB's Response Testimony, p. 6 (June 30, 2016).

asymmetrical. The cost of bad water years is greater than the benefit of good water years.[2] As a bad hydro year causes market prices to increase, the avoided cost associated with solar increases. While the opposite will be true in a good hydro year, the asymmetrical nature of hydro's effect on market prices means that the RVOS should not assume that these effects cancel each other out. Instead, the RVOS needs to be modeled over an expected range of hydro conditions.

Second, CUB has consistently maintained that, if it can be achieved, the RVOS should be calculated on an hourly basis to create an avoided cost profile for the entire year.[3] CUB agrees that this level of accuracy is the preferable method for calculating the RVOS and previously noted that, "Staff's testimony asserts that this level of granularity is generally available from the utilities, but that there may be cases where it is unavailable."[4] CUB notes that, although PGE and PacifiCorp raised general objections to calculating the RVOS on an *hourly* basis, neither Company gave specific details as to what extent hourly calculations would be burdensome. CUB encourages the Commission to require the utilities to make hourly calculations unless each company can demonstrate that such an approach is not feasible.

Third, the Commission should require each Company to make a good faith effort to assign some value to each element in Phase II unless the company can demonstrate a high probability of zero value. Several stakeholders have expressed the belief that elements in the RVOS methodology may have little material value and should be valued at zero in the

[2] See Dockets UE 165 and UM 1187.
[3] *See* CUB's Response Testimony, p. 3-4 (June 30, 2016). *See generally* UM 1716/Staff/200/Olson/26.
[4] CUB's Response Testimony, p. 3-4 (June 30, 2016). *See generally* UM 1716/Staff/200/Olson/29, line 13.

company's calculations. CUB agrees with Staff that uncertainty of an element's value is not a reasonable basis for assigning no value to an element.

Fourth, CUB continues to support a placeholder "security" element in the RVOS methodology. Although the stability associated with distributed generation ("DG") may not be available as an immediate solar resource value, as penetration increases DG could add significant value to the system in terms of resiliency and stability.

II. CONCLUSION

CUB remains supportive of the straw proposal and appreciates the work that has gone into developing these conceptual methodologies.