



Oregon Citizens' Utility Board

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June 15, 2018

Public Utility Commission of Oregon
201 High St SE, Suite 100
Salem, Oregon 97301

Re: UM 1912 - In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Resource
Value of Solar

The Oregon Citizens' Utility Board files herewith a correction to its originally submitted UM 1912 Opening Testimony on March 16, 2018. CUB has removed section three, titled "Administration," as well as CUB Exhibit 102, because CUB does not intend to pursue an argument related to administrative costs going forward. CUB has attached an amended version of the testimony for this filing.

Please contact me if you have any questions.

Sincerely,

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1912**

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Resource Value of Solar.)
)
_____)

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

March 16th, 2018



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1912**

In the Matter of)
)
Portland General Electric Company,) OPENING TESTIMONY
) OF THE OREGON
) CITIZENS' UTILITY BOARD
Resource Value of Solar.)
)
_____)

I. INTRODUCTION

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

2 A. My name is William Gehrke. I am an economist employed by Oregon Citizens'
3 Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400
4 Portland, Oregon 97205.

5 **Q. Please describe your educational background and work experience.**

6 A. I have received a Bachelor of Arts degree in Economics and a Master of Science in
7 Applied Economics from Florida State University. I began working for CUB in
8 2017. I have previously worked as an Economist for the Florida Department of
9 Revenue and as a Public Utility Analyst for the Florida Public Service
10 Commission.

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

12 A. The purpose of my testimony is to reply to Portland General Electric's (PGE)
13 Testimony filed for Phase II of the resource value of solar (RVOS) docket.

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

1 **A.** The testimony is organized as follows:

2 I. Introduction

3 II. Update Frequency of RVOS

4 III. Deficiency Period: Generation Capacity

5 IV. Conclusion

II. UPDATE FREQUENCY OF RVOS

6 **Q. What has the straw proposal said about the update frequency of the RVOS**
7 **value?**

8 A. The initial straw proposal suggests that RVOS be a 25 year analysis updated every
9 two years or upon petition.¹

10 **Q. What has Portland General Electric stated about the update frequency of**
11 **the RVOS value?**

12 A. Portland General Electric would like to have the ability to update RVOS on an
13 annual basis. PGE has stated an annual update to data element values would enable
14 PGE customers to have solar compensated at the correct price.²

15 **Q. What are your thoughts on the update frequency of RVOS value?**

16 A. CUB agrees with PGE there should be an annual update to the RVOS value. An
17 annual refresh of RVOS would enable solar power to be valued correctly. In
18 particular, annual updates would help keep up to date more speculative elements,
19 such as the Environmental Compliance and Grid Services elements. Additionally,
20 as solar matures, there is expected to be a dramatic growth in rooftop residential

¹ See Oregon Public Utility Commission Order 17-357, Page 16.

² See UM 1912 – Portland General Electric Resource Value of Solar Filing, Goodspeed/100, Page 7.

1 solar projects. Frequent updates to RVOS will enable values to be properly
2 measured and representative of the market.

III. DEFICIENCY PERIOD: GENERATION CAPACITY

3 **Q. How does the sufficiency period apply to the calculation of capacity value?**

4 A. During the period where the utility is sufficient for capacity resources, no value is
5 assigned to capacity. Once the utility is in a deficiency period, capacity resources
6 include the capacity value of incremental resources. PGE currently expects to be
7 deficient in capacity beginning in 2021. Under the present methodology, PGE's
8 RVOS from 2018-2020 are not assigned a capacity value.

9 **Q. Has the Company installed renewable energy projects to help with future
10 capacity?**

11 A. In PGE's 2016 Integrated Resource Plan, the Company requested the procurement
12 of 100 MWa of RPS-eligible resources. The Commission has acknowledged its
13 request. PGE stated it "proposes to conduct an RFP for approximately 100 MWa
14 of RPS eligible resources that help fulfill PGE's energy and capacity needs in 2021
15 and beyond."³ The Commission has acknowledged the new resources.⁴

16 **Q. What impact will the new resources have on the sufficiency period?**

17 A. The installation of 100 MWa of renewable resources will move out the deficiency
18 period. The future capacity deficit is due to the Boardman coal plant retirement.
19 The new resources could move the deficiency period to a later date.

20 **Q. What effect does a longer sufficiency period have on RVOS value?**

³ See LC 66, Portland General Electric's Revised Renewable Action Plan, Page 4.

⁴ Order 18- 044.

1 A. A longer sufficiency period will lower the avoided capacity value of the RVOS.
2 The utility is allowed to have a rate of return on capital investment, but not on
3 residential rooftop solar projects. If the utility keeps pushing the sufficiency period,
4 then the utility has the opportunity to install utility owned capital investment and
5 decrease the resource value of solar. The utility has every incentive to keep
6 extending the sufficiency period.

7 **Q. Does CUB advocate for sufficiency/deficiency periods in the RVOS?**

8 A. No. CUB advocates for removing sufficiency and deficiency periods in the resource
9 value of solar price. From the first year of operation, solar projects provide capacity
10 values, and capacity values should be assigned to RVOS.

IV. CONCLUSION

11 Q. Does this conclude your testimony?

12 A. Yes.