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**V. Denise Saunders**  
Associate General Counsel

December 17, 2014

*Via Electronic Filing and U.S. Mail*

Public Utility Commission of Oregon  
Attention: Filing Center  
3930 Fairview Industrial Drive SE  
PO Box 1088  
Salem OR 97308-1088

**Re: UM 1610 Phase II – Investigation into Qualifying Facility Contracting and Pricing**

Attention Filing Center:

Enclosed for filing in docket UM 1610 Phase II are an original and five copies of Portland General Electric Company's **Post-hearing Brief**. These documents are being filed electronically with the Filing Center. An electronic copy is also being served on the service list for docket UM 1610.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "V. Denise Saunders", is written over a faint, larger version of the same signature.

V. Denise Saunders  
Associate General Counsel

VDS:bop

Enclosures

cc: UM 1610 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1610  
Phase II**

In the Matter of:

PUBLIC UTILITY COMMISSION OF  
OREGON,

Investigation into Qualifying Facility  
Contracting and Pricing

**Post-Hearing Brief of Portland General  
Electric Company (Solar Capacity  
Contribution)**

Portland General Electric Company (“PGE”) submits this Post Hearing Brief in accordance with the November 25, 2014 Administrative Law Judge (“ALJ”) Ruling issued in this docket. As discussed below, for both procedural and substantive reasons, the Oregon Public Utility Commission (“Commission”) should refrain from making any changes to its recently adopted method for calculating the solar capacity adjustment.

**I. Background**

The procedural history of the “Solar Capacity Contribution” issue, as it applies to PGE, is murky at best. On April 24, 2014, Obsidian Renewables LLC filed a Motion for Reconsideration, asking that the Commission clarify how the capacity adder described in Staff’s testimony (and adopted by the Commission in February 2014 in Order No 14-058) would be applied to renewable solar Qualifying Facility (“QF”) resources. The ALJ in a June 10, 2014 ruling granted the request for clarification and directed that “the parties should address the methodology applicable to renewable solar QF resources, raised by Obsidian’s motion for reconsideration, in the investigations currently taking place for Pacific Power’s and Idaho

Power's compliance filings in this docket." The Commission has not opened an investigation of PGE's compliance filing.

Subsequently, Staff, PacifiCorp, Idaho Power and other parties (not including PGE) entered into a stipulation agreeing to add the solar capacity issue to Phase II of UM 1610 and consider it in an expedited manner. PGE was neither a participant in the settlement workshops nor a signatory to the Stipulation. Staff ultimately did not request the Commission to adopt the stipulation and it was not adopted. *See* Order No. 14-295 (specifically Staff's Report attached as Appendix A at 3).

Arguably, there is a question as to whether the ALJ intended the solar capacity issue to pertain to PGE, since the ALJ ruling specifically only references PacifiCorp's and Idaho Power's compliance filing investigations. Additionally, the ALJ has yet to adopt any issues for Phase II of this docket. As discussed below, PGE believes that this issue should not be a Phase II issue, as the Commission recently adopted, in Phase I of UM 1610, Staff's proposed method for calculating capacity contribution adjustments as set forth in Staff/102-103. Order No. 14-058 at 15.

As we explain below, the Commission's choice of methodology for calculating the capacity contribution of solar remains correct. Accordingly, for both procedural and substantive reasons we request that the Commission make no changes to the method adopted by the Commission in February.

## **II. Argument**

PGE supports the Commission-adopted methodology from Phase I because it is, simple, transparent, and consistent with the current proxy resource methodology. The proposals for revisions, put forth by Staff and others, create inconsistency by proposing the use of an assumed

capacity factor for QFs that have no requirement to produce and deliver a minimum amount of energy.

Contrary to the assertions of Staff and others, solar QFs are not under compensated under the Commission-approved methodology. *See* Staff/300, Andrus/7:3-5; ODOE/600 Brockman/2-3; and Obsidian/200, Brown/2-3. In fact, the proposed changes create the possibility that utilities may pay higher prices to solar QFs than baseload QFs if the incremental solar capacity contribution percentage exceeds the assumed solar capacity factor.

In addition, Obsidian's proposal to provide an adjustment based on the specific QF's capacity factor would result in reduced transparency as utilities would not be able to publish prices based on specific resources. This would be inconsistent with PURPA standard rates as implemented by the Commission. *See* Order Nos. 05-584 and 11-505; *see also* OAR 860-029-0040. Moreover, a QF always has the option to negotiate prices for a specific resource under Schedule 202. Therefore, any change to the current methodology, particularly one that would lead to reduced transparency, would seem to be unnecessary.

PGE also disagrees with Obsidian's initial proposal that the capacity adder should be paid as a fixed dollar amount and not on a MWh basis, because it equates to a pre-payment. Pre-payments can result in payment for value not received, because a non-dispatchable resource such as solar only provides capacity value when the energy is actually delivered. Solar resources are by definition variable, so their obligations under the Commission-approved standard contracts are to meet a mechanical availability guarantee instead of actually generating a minimum net output.

Finally, Obsidian's proposal to use the Effective Load Carrying Capacity methodology for calculating the capacity contribution of resources is not within the scope of this proceeding.

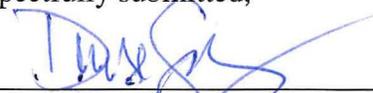
In Order No. 14-415, the Commission directed parties to address issues regarding calculation methodology in future utility IRPs. *See* Order No. 14-415 at 15. However, in PGE's latest IRP docket, the Commission took under advisement the recommendation to open an investigation into the methods used by utilities to calculate the value assigned to a renewable generator's contribution to system capacity. *Id.* at 14. Thus, any changes to the capacity contribution method should be reviewed either as part of the utility's IRP proceeding or in the context of a future investigation opened by the Commission.

### III. Conclusion

For the procedural and substantive reasons discussed above, PGE respectfully requests that the Commission affirm the solar capacity calculation methodology approved in Order 14-058.

DATED this 17<sup>th</sup> day of December, 2014.

Respectfully submitted,



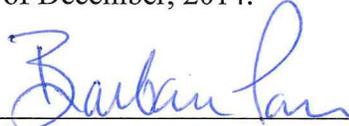
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused **PORTLAND GENERAL ELECTRIC COMPANY'S POST-HEARING BRIEF** to be served by electronic mail to those parties whose email addresses appear on the attached service list for Docket No. UM 1610 Phase II.

Dated at Portland, Oregon, this 17th day of December, 2014.



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