

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

**IN THE MATTER THE PUBLIC UTILITY)
COMMISSION OF OREGON) CASE NO. UM 1610
Investigation Into Qualifying Facility)
Contracting and Pricing)
_____)**

Community Renewable Energy Association

Exhibit 600

Response Testimony of Brian Skeahan

July 24, 2015

TABLE OF CONTENTS

I.	Introduction.....	1
II.	Response to Phase II Opening Testimony	1
III.	CREA’s Position on Phase 2 Issues.....	
A.	<i>Issue 1:</i> <i>Who owns the Green Tags during the last five years of a 20-year fixed price PPA during which prices paid to the QF are at market?.....</i>	<i>1</i>
B.	<i>Issue 2:</i> <i>Should Avoided transmission costs for non-renewable and renewable proxy resources be included in the calculation of avoided cost prices?</i>	<i>4</i>
C.	<i>Issue 5:</i> <i>What is the appropriate forum to resolve litigated issues and assumptions?.....</i>	<i>6</i>
D.	<i>Issue 6:</i> <i>Whether the market prices used during the resource sufficiency period sufficiently compensate for capacity?</i>	<i>10</i>
E.	<i>Issue 9:</i> <i>How should third party transmission costs to move QF output in a load pocket to load be calculated and accounted for in the standard contract?</i>	<i>13</i>
IV.	Conclusion	15

1 **I. Introduction**

2
3 **Q. Are you the same Brian Skeahan who provided opening testimony on behalf of the**
4 **Community Renewable Energy Association (“CREA”) in Phase II of the Public Utility**
5 **Commission of Oregon’s (“Commission” or “OPUC”) docket UM 1610?**

6 **A. Yes.**

7 **Q. Have you reviewed the opening testimony of the other parties to this proceeding in**
8 **Phase II?**

9 **A. Yes.**

10 **Q. Please describe the scope of your response testimony.**

11 **A. I will respond to the testimony of other parties on the following issues:**

12 Issue 1: Who owns the Green Tags during the last five years of a 20-year fixed price PPA
13 during which prices paid to the QF are at market?

14
15 Issue 2: Should Avoided transmission costs for non-renewable and renewable proxy
16 resources be included in the calculation of avoided cost prices.

17
18 Issue 5: What is the appropriate forum to resolve litigated issues and assumptions?

19
20 Issue 6: Whether the market prices used during the resource sufficiency period
21 sufficiently compensate for capacity?

22
23 Issue 9: How should third party transmission costs to move QF output in a load pocket to
24 load be calculated and accounted for in the standard contract?

25
26 On the remaining issues, I refer the Commission to my opening testimony for CREA’s position.

27 **II. Response to Phase II Opening Testimony**

28
29 **A. Issue 1: Who owns the Green Tags during the last five years of a 20-**
30 **year fixed price PPA during which prices paid to the QF are at market?**

31
32 **Q. PacifiCorp’s witness, Mr. Bruce Griswold, contends that PacifiCorp should receive**
33 **the value of Green Tags from a contracted QF for the last five years of a 20-year contract**

1 **without compensating the QF for the value of those Green Tags.¹ Do you agree with Mr.**
2 **Griswold’s apparent belief that there is ambiguity regarding the intent of the**
3 **Commission’s prior orders on this topic?**

4 **A.** No. In previous rulings, the Commission articulated its concern over the difficulty of
5 accurately predicting avoided costs for a 20-year period. The Commission’s solution to this
6 concern was to order that, for QFs electing 20-year contracts that the last five years of those
7 contracts, the QF be paid with market-based prices as they exist during the last five years of the
8 20-year term. Prior to that, the QF should be paid market-based prices during periods of the
9 utility’s projected resource sufficiency and rates based on avoided renewable costs during
10 periods of the utility’s projected renewable resource deficiency. There is no reasonable
11 contention that market-based pricing incorporates, assumes, or reflects any value for Green Tags
12 or other renewable attributes (as evidenced by the unbundling of renewable attributes from
13 underlying energy). Rather, PacifiCorp, using a convoluted interpretation of Commission Order
14 11-505, attempts to justify PacifiCorp’s asserted right to receive the benefit of Green Tags
15 provided by a QF without just compensation.

16 **Q. Do you agree with the Commission Staff’s position on this issue?**

17 **A.** Yes. In her testimony, the OPUC Staff witness, Ms. Brittany Andrus, correctly states:
18 “Staff believes that the Commission’s requirement regarding REC transfer during
19 renewable resource deficiency periods is based wholly on the fact that QFs are
20 compensated for these RECs when they are paid deficiency-period prices based
21 on the avoided fixed costs of the next avoidable renewable resource in the utility’s
22 Integrated Resource Plan (IRP). Staff believes that the Commission intended that

¹ PAC/1000, Griswold/2.

1 QFs should retain the RECs when the QF is not compensated for the RECs with
2 rates based on the avoided fixed costs of the next avoidable renewable resource.”²

3 OPUC Staff goes on to testify:

4 “Under Order No. 11-505, QFs receiving Standard Renewable Avoided Cost
5 prices keep the RECs associated with their generation when they receive market-
6 based prices during periods of resource sufficiency and must cede the RECs to the
7 utilities when receiving prices based on the utility’s next avoidable renewable
8 resource during the utility’s renewable resource deficiency periods.”³

9 **Q. Why is OPUC Staff’s reasoning persuasive?**

10 **A.** Intuitively, the Commission staff’s reading of the Commission’s previous Orders on this
11 matter makes sense. When a utility is in a sufficiency period and paying an avoided cost rate
12 based simply upon the short-term market price for raw energy, the utility is not paying for, and
13 should not receive the value of, or retain any of, the Green Tags related to the QF generation.
14 When the utility is paying an avoided cost rate during a deficiency period based on the next
15 avoidable renewable resource, the utility is paying for, and should receive, the value of the Green
16 Tags related to the QF’s generation. PacifiCorp’s argument that it should receive the benefit of
17 something it will not pay for, simply because it will be in a deficiency period, is not only unfair
18 but is disingenuous and should be rejected.

19 ///

20 ///

21 ///

² Staff/500, Andrus/4.

³ *Id.*

1 **B. Issue 2: Should Avoided transmission costs for non-renewable and**
2 **renewable proxy resources be included in the calculation of avoided cost**
3 **prices?**
4

5 **Q. PacifiCorp’s witness, Mr. Brian Dickman, appears to contend that there are never**
6 **any transmission costs that PacifiCorp avoids as a result of the construction of an on-**
7 **system QF.⁴ Do you agree with the implications suggested by Mr. Dickman?**

8 **A. No. Mr. Dickman supports his contention by stating:**

9 “Company-owned transmission infrastructure and contractual rights on third-party
10 systems are needed to operate PacifiCorp’s system whether it adds QF or non-QF
11 resources. Taken to the extreme, if all of the resources in the Company’s portfolio
12 were QFs, the Company would still need transmission infrastructure and
13 contractual rights to move the output of those resources to load.”⁵

14 It is not clear how Mr. Dickman’s assertions prove any relevant points. CREA is aware of no
15 party or witness in these proceedings who has contended that PacifiCorp’s transmission facilities
16 are not needed, (as if electrons will magically be able to fly through the air) as a result of the
17 construction of QFs on PacifiCorp’s system. PacifiCorp is applying the technique of, when
18 faced with a question you don’t want to answer, provide an answer to a different question. The
19 question before the Commission is not whether PacifiCorp needs a transmission system to
20 deliver generation to load but rather if any portion of the future transmission costs would be
21 reduced or avoided as a result of a new QF.

22 That PacifiCorp contends that no portion of its transmission costs would be avoided by
23 QFs that do not require incremental transmission upgrades, while simultaneously using
24 Wyoming wind as a renewable avoided cost proxy plant and while simultaneously planning and

⁴ PAC/800, Dickman/5.

⁵ *Id.*

1 constructing the Energy Gateway transmission line project from Wyoming (originating near
2 PacifiCorp's Dave Johnson Coal Complex) at a cost that could exceed \$2 billion, and which is
3 part of a \$6 billion investment plan, strains credibility.⁶

4 PacifiCorp uses the technique of describing an extreme to make its argument. Mr.
5 Dickman posits if all resources in the Company's portfolio were QFs, the Company would still
6 need transmission infrastructure and contractual rights to move output of those resources to load.

7 However the more instructive use of this technique would seem to be if all of the
8 Company's generation needed to serve Oregon load were from Oregon-based QFs or other
9 Oregon-based on-system resources, would Oregon's PacifiCorp customers need to pay for \$6
10 billion in transmission improvements, including the Gateway West project originating in
11 Wyoming? Of course the answer to this question is "no."

12 **Q. Did the Commission Staff's testimony support the position suggested by Mr.**
13 **Dickman?**

14 **A.** Not as I understood it. The OPUC Staff's perspective on this issue is instructive. Ms.
15 Andrus testified that because the proposed Wyoming wind resource would produce an amount of
16 generation that exceeded load in the interconnected area:

17 "[T]his higher capacity factor wind energy would need to be transmitted to an
18 area where PacifiCorp has sufficient load. This raises the question of whether, if
19 PacifiCorp had to use a third party to transmit energy from its proxy renewable
20 resource or otherwise acquire a transmission resource, these avoided transmission

⁶ See www.pacificorp.com/transmission .

1 costs should be included in PacifiCorp’s Standard Renewable Avoided Cost
2 prices.”⁷

3 This is precisely the question before the Commission, and as a threshold response the answer is
4 clearly “yes.”

5 **Q. What conclusions can be reached about PacifiCorp’s position on this issue?**

6 **A.** PacifiCorp’s position on this issue is highly inconsistent with its position on the load
7 pocket issue. In this matter, PacifiCorp cannot have its cake and eat it too. In their “load pocket
8 issue,” PacifiCorp vociferously contends that QFs should pay transmission costs to get QF
9 resources to load in the event that load in that QF’s “load pocket” cannot assimilate that QF’s
10 generation during each hour of the year. The converse must be true. If there is a cost to
11 PacifiCorp of getting PacifiCorp’s proxy resource to load, and if a QF provides power to load
12 without requiring that transmission cost, then it is only equitable for PacifiCorp to reflect that
13 avoided transmission cost enabled by the QF in the avoided cost rate offered to the QF. While
14 the precise determination of that calculation may be difficult and could be approached a variety
15 of ways, the answer to the fundamental question is not difficult. QFs can, and do, reduce
16 PacifiCorp’s transmission cost and it is only equitable to reflect that reduction in PacifiCorp’s
17 cost through fair compensation to the QF with a corresponding increase to the avoided cost rates
18 offered to such QFs.

19 **C. Issue 5: What is the appropriate forum to resolve litigated issues and**
20 **assumptions?**

21 **Q. In his testimony, PacifiCorp’s witness, Mr. Ted Drennan, PacifiCorp’s IRP**
22 **Program Manager, extolls the virtues of PacifiCorp’s integrated resource plan (“IRP”)**
23 **process, variously referring to it as “open and collaborative,” “robust and transparent”**
24

⁷ Staff/500, Andrus/9.

1 **and “well vetted and transparent.”⁸ Do you agree with Mr. Drennan’s suggestion that a**
2 **host of a negative impacts will inevitably result from “[a]llowing parties to litigate IRP**
3 **inputs and assumptions in avoided cost contested cases”?**⁹

4 **A.** No. I do not agree that the result of allowing parties to litigate IRP inputs and
5 assumptions would result in, in Mr. Drennan’s words, “duplicative effort”, “slowed processes,”
6 “conflict with planning principles seeking transparency,” and last but not least “compromised
7 public interactions.”

8 It is also not what the parties have requested for Commission consideration. By
9 enumerating a litany of benefits in PacifiCorp’s IRP process, Mr. Drennan hopes the
10 Commission will fail to identify PacifiCorp’s true objective, which is to maintain the “home
11 court advantage” it holds over QF developers in PacifiCorp’s own IRP process. PacifiCorp
12 further hopes that the Commission forgets the clear guidance previously provided which
13 safeguards the procedural rights that QF developers are legally entitled to. I believe Mr.
14 Drennan knows full well that PacifiCorp has considerably more leeway and discretion in
15 determining various elements contained in their IRP when compared to a contested case
16 proceeding. He knows that PacifiCorp is not typically subject to discovery, clarification, and
17 cross examination as part of their IRP process. CREA will provide legal briefing on this issue,
18 but it is CREA’s position that the Commission must review and approve the avoided cost rates
19 and inputs thereto. That procedure does not currently occur in an IRP.

20 **Q. Is the IRP process sufficiently focused on avoided cost rates to develop a reliable**
21 **estimate of avoided costs?**

⁸ PAC/500, Drennan/10.

⁹ *Id.*

1 **A.** No. The focus of the IRP is not to set accurate avoided cost rates. While PacifiCorp's
2 proclaimed openness, transparency and collaborative approach is appreciated, and results in a
3 better IRP product, the IRP process does not reflect the procedural requirements and safeguards
4 public utility commissions require for establishing rates paid by ratepayers, or avoided cost rates
5 QF developers are entitled to under state and federal law.

6 Furthermore, while at times capable of informing issues associated with establishment of
7 avoided cost rates, the IRP process is not primarily or even significantly intended to be the
8 mechanism for establishment of avoided cost rates. As the Renewable Energy Coalition witness,
9 Mr. John Lowe, accurately states in its testimony:

10 "A utility's IRP proceeding evaluates the utility's resources considering
11 risk and uncertainty in order to create a portfolio of resources that best forecasts
12 the expected costs and risks for the utility and its customers. The end result of the
13 IRP is an 'action plan' that must be consistent with the long-range public interest.

14 The purpose of this plan is not to establish, and generally does not even
15 discuss or mention, avoided cost rates. QFs are generally only mentioned in terms
16 the utility's existing resource portfolio, and there is no consideration or evaluation
17 of the impact that the IRP will have on QFs and avoided cost rates. Therefore, the
18 key components and issues in the IRP that will have a direct impact on avoided
19 cost rates are typically not addressed by the utility or the Commission during the
20 development or review of the IRP."¹⁰

21 **Q. Do you have a position in response to any other party's testimony on this issue?**

¹⁰ Coalition/400, Lowe/9.

1 **A.** CREA believes that the OPUC staff has done a good job of framing this issue up for the
2 Commission’s consideration. Staff correctly points out that in Order 05-584 the Commission
3 previously ruled that:

4 “[A]voided cost filings are subject to suspension and the same investigatory
5 process that any tariff filing may undergo. Natural gas forecasts that utilities use
6 in avoided cost filings are, therefore, also *subject to investigation and full review*.
7 We encourage ODOE and other interested parties to seek suspension of an
8 avoided cost filing when necessary to address concerns about natural gas
9 forecasts, *or any other aspect of a utility’s filing*.”¹¹

10 Having established that parties are entitled to fully investigate and review gas forecasts or any
11 other aspect of a utility’s filing, it is appropriate to consider how to best protect the parties’ rights
12 while reducing costs of, and enhancing the efficiencies of, the avoided cost process.

13 **Q. Some parties proposed minimum filing requirements (“MFR”). Do you agree that**
14 **the Commission should require MFRs?**

15 **A.** Yes. Parties have provided a solution, at least in part, to this issue of streamlining the
16 process through the use of MFRs. The MFRs will eliminate the need to engage the parties and
17 the Commission in a protracted process if the MFRs filed in any given rate update proceeding
18 reveal that the assumptions and rates are reasonable. If the MFRs reveal reasonable rates, no
19 party will have substantive objections and the new rates would most likely go into effect by
20 stipulation or non-objection of the interested parties. This will allow for the rates to go into
21 effect more quickly if they are reasonable as filed.

22 **Q. Do you believe that MFRs alone will be the solution?**

¹¹ Staff/500, Andrus/22 (quoting Order No. 05-584 at 36-37).

1 **A.** CREA believes the MFRs are part of the solution. While helpful, CREA does not believe
2 MFRs alone are sufficient to address our concerns and protect our rights. There still must be a
3 contested case process to challenge the inputs and assumptions to the rates that appear to be
4 unreasonable from a review of the initial filing and the MFRs. CREA supports the suggestion
5 made by the Renewable Energy Coalition:

6 “There are two options. First, the Commission could expand the IRP process to
7 include all reasonable considerations of QF issues and so that parties have an
8 opportunity to challenge the assumptions and inputs related to avoided cost prices.
9 Second, the Commission could de-link planning issues that are not fully vetted
10 and prevent them from being a foundation for avoided cost prices. The second
11 solution should be combined with a longer and automatic post-filing proceeding
12 to review avoided cost updates.”¹²

13 CREA recognizes the value the Commission places in the utility’s IRP processes and filings. We
14 believe that incorporation of these additional suggestions should address the reasonable needs of
15 various parties regarding this issue.

16 **D. Issue 6: Whether the market prices used during the resource sufficiency**
17 **period sufficiently compensate for capacity?**

18 **Q. PacifiCorp argues that market-based avoided cost prices compensate a QF**
19 **developer for the value of the capacity provided by the QF during the sufficiency period.**

20 **Do you have any comments regarding PacifiCorp’s assertions?**

21 **A.** There are fundamental problems with this argument, the acceptance of which once again
22 allows PacifiCorp the ability to receive value from a QF without compensating the QF for that
23 value. Fundamentally, market purchases are purchases of energy, not energy and capacity. That
24

¹² Coalition/400, Lowe/14.

1 PacifiCorp is betting on there being sufficient amounts of energy available in the market to
2 achieve its load and resource balance and reserve margin requirements does not by definition
3 make those purchases capacity purchases. In fact, there historically has been and is a separate
4 market for bilateral transactions available for capacity purchases, transactions of which
5 PacifiCorp has participated in over time. Capacity is a separate product from energy.
6 PacifiCorp's contention that the availability of surplus energy is large enough to meet its
7 obligations for an extended period of time does not somehow magically turn energy into energy
8 and capacity.

9 This is particularly true given that PacifiCorp is relying on short-term energy market
10 purchases. Had PacifiCorp shown it was making firm energy purchases with contract terms
11 lasting the duration of their sufficiency period, PacifiCorp's argument would have perhaps had
12 additional merit. But Mr. Dickman acknowledges that it is relying on *short-term*, spot market
13 purchases.¹³ He further acknowledges that PacifiCorp is relying on a significant amount of these
14 short term purchases for a very long time, over 1,400 MW through 2023 with over 1,000 MW in
15 2024 and beyond.¹⁴ That PacifiCorp chooses to be that reliant upon the short-term market for
16 that long is a matter between PacifiCorp and the Commission. However, that assumed power
17 supply portfolio should not allow PacifiCorp to obtain the benefits of the capacity that existing
18 and potential QFs provide it without just compensation.

19 **Q. PacifiCorp further argues that, by differentiating between on-peak and off-peak**
20 **pricing, by definition on-peak prices reflect capacity value. Do you agree?**

21 **A.** No. CREA does not accept this premise. The differentiation of on-peak and off-peak
22 prices found in the wholesale power market does not in any meaningful analytical way reflect the

¹³ PAC/800, Dickman/15.

¹⁴ *Id.* at 16.

1 value of capacity, as that term has been traditionally used in the utility industry. Rather, it is a
2 reflection of simple supply and demand. The demand for power is greater during on-peak hours
3 while the amount of power capable of being generated and sold in the market available for
4 purchase is essentially fixed. This increase in demand at a time of fixed supply pushes prices
5 upward. When the demand for power drops while supply remains somewhat fixed, the basic
6 laws of economics result in a reduction of price, not that on-peak pricing somehow factors in the
7 value of capacity. The variability in the spread between on-peak and off-peak prices over time is
8 a further indication that the delta between on-peak and off-peak prices does not in any
9 meaningful way reflect a true value of capacity.

10 **Q. What is the best solution to the sufficiency period pricing issue?**

11 **A.** Given the fact that a question arises as to how the value of capacity might be calculated
12 during a sufficiency period, CREA and other parties provided an eminently reasonable answer to
13 that question in the testimony provided by Mr. Kevin Higgins.¹⁵ In his testimony, Mr. Higgins
14 correctly points out that PacifiCorp has indicated, through its IRP and other sources including
15 those associated with this docket, that it intends to spend a considerable amount of money to
16 retain its existing capacity in various coal-fired facilities in order to comply with the
17 Environmental Protection Agency's anticipated Clean Air Act Rule 111(d) requirements. Under
18 traditional utility ratemaking, these expenditures would primarily be allocated as capacity costs.
19 Hence these costs are, as Mr. Higgins testifies, a reasonable proxy for costs that PacifiCorp
20 would avoid if their reliance on QF resources would increase. As Mr. Higgins demonstrates, this
21 payment for capacity is not insignificant, particularly for base-load renewables and, when

¹⁵ Joint Parties/100.

1 combined with the energy-only values reflected in projected market prices, would provide a just
2 and fair compensation to QF developers during a sufficiency period.

3 **E. Issue 9: How should third party transmission costs to move QF output in a**
4 **load pocket to load be calculated and accounted for in the standard contract?**

5
6 **Q. PacifiCorp’s witness, Mr. Griswold, testifies as to the somewhat unique aspects of**
7 **PacifiCorp’s non-contiguous service territory, its reliance on third-party transmission to**
8 **move power in and out of its service territory, and the resulting “load pocket” situation.**
9 **Do you have any response?**

10 **A.** Mr. Griswold does a good job of identifying and framing the issue, but what Mr.
11 Griswold does not do is provide a fair, equitable and non-discriminatory solution to the load
12 pocket issue.

13 In part, the discrepancy is a result of a representation that PacifiCorp makes that is a
14 significant over-simplification and not necessarily true. Mr. Griswold states:

15 “Thus, any time a new generator causes generation within a load pocket to exceed
16 load, the Company will incur an additional cost to transmit the excess load pocket
17 generation across third-party transmission to another load pocket that has
18 sufficient load to accommodate the generation.”¹⁶

19 Mr. Griswold then presents a description of transmission alternatives available to it from
20 Bonneville Power Administration (“BPA”), which is the primary third-party PacifiCorp relies
21 upon for transmission service between its non-contiguous service territories. After describing
22 these alternatives, Mr. Griswold then acknowledges PacifiCorp’s proposal to acquire new, year-
23 round, long-term firm point-to-point transmission rights is essentially the most expensive
24 alternative. Mr. Griswold states:

¹⁶ PAC/1000, Griswold/24.

1 “Therefore, in order to ensure that firm third-party transmission service will
2 remain available over the term of the PPA, the Company purchases long-term
3 firm PTP transmission, if it is available. In all cases in a load pocket where a QF’s
4 delivery exceeds load and the Company must rely on third-party transmission to
5 wheel excess generation out of the load pocket, the Company expects to incur
6 additional costs to secure such transmission services from the third-party
7 transmission provider.”¹⁷

8 As I stated in my opening testimony, PacifiCorp’s approach is not the only approach available to
9 PacifiCorp; PacifiCorp has other less expensive alternatives to this problem; PacifiCorp appears
10 to be over-stating the extent of the problem; and PacifiCorp does not sufficiently involve the QF
11 developer in determining the optimal economic and operational solution to a load pocket
12 problem should it exist as a result of QF development.¹⁸

13 **Q. Is PacifiCorp’s recommendation reasonable?**

14 **A.** No. Fundamentally, PacifiCorp’s solution to a load pocket is a one-size-fits-all solution,
15 easily imposed upon a QF developer by PacifiCorp because in their view the QF should pay the
16 cost, whatever that may be. This approach, in addition to being economically sub-optimal is
17 discriminatory as it is certainly not the approach PacifiCorp takes with its own generation and
18 native load where it goes to great lengths to utilize the full range of products and services
19 available to it from BPA’s transmission function to make the most efficient use of its
20 transmission dollars.

¹⁷ PAC/1000, Griswold/25.

¹⁸ See CREA / 500, Skeahan / 23.

1 Rather than blindly accepting PacifiCorp’s faulty premises and one-size-fits-all,
2 expensive solution imposed upon QF developers, the Commission should adopt the
3 recommendations made by CREA.¹⁹

4 **III. Conclusion**

5 **Q. Please provide any concluding remarks regarding the opening testimony of other**
6 **witnesses.**

7 **A.** It has become increasingly clear throughout these proceedings and actions taken
8 elsewhere that Oregon’s investor-owned utilities have made a determination to minimize their
9 acquisition of purchases from qualifying facilities under PURPA. Virtually every issue raised,
10 and every position taken on these issues, appears intended to minimize QF development over the
11 next decade.

12 In its arguments, PacifiCorp is not only attempting to minimize QF development, (to the
13 extent such development occurs upon the conclusion of these proceedings); it is also attempting
14 to obtain benefits from QF development without fairly and justly compensating the QFs for such
15 benefits. PacifiCorp argues that it should receive the benefits from QF Green Tags during the
16 last five years of a 20-year contract without compensation. PacifiCorp believes that it should
17 not compensate QFs operating near their loads for any value of reduced transmission costs, while
18 then over-charging QFs for third-party transmission that PacifiCorp will not even need to deliver
19 the QF output to load during most of the year. PacifiCorp wants to receive, and assumes it will
20 continue to receive the capacity benefits provided by QF generation without paying a price that
21 is reflective of any capacity value.

¹⁹ *Id.* at 25.

1 CREA believes that the approach taken by the investor-owned utilities, led by PacifiCorp
2 and its parent company, is contrary to the direction Oregon residents' desire regarding renewable
3 energy development, contrary to what the Oregon legislature has directed, contrary to previous
4 Commission guidance, and contrary to federal law

5 CREA believes it is the OPUC's responsibility to assure that Oregon's investor-owned
6 utilities comply with federal law as expressed by PURPA, Oregon's own related statutory
7 provisions directly adopting PURPA, and Oregon's Renewable Portfolio Standard, which
8 specifically includes provisions requiring Oregon agencies to support smaller community-based
9 projects. While the Commission faces challenges in achieving these objectives, CREA believes
10 the Commission should reject PacifiCorp's efforts to eviscerate the primary tool available for the
11 development of small, independently owned renewable power generation.

12 **Q. Does that conclude your testimony?**

13 **A. Yes.**

14

15

16

17

18

19

20

21

22

23