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September 12, 2018

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UM 1829 – In the Matter of Blue Marmot V LLC vs Portland General Electric Company

Attention Filing Center:

Enclosed is Portland General Electric Company's (PGE) Errata for page 15 of the Rodehorst-Moore Surrebuttal Testimony (PGE/500) and the entire Greene Surrebuttal Testimony (PGE/400). Page 15 of the Rodehorst Moore Surrebuttal Testimony is submitted to correct a typographical error at line 20. The errata filing of the Greene Surrebuttal Testimony is intended to replace the August 30th version in its entirety because the revisions changed the pagination of the document. We will be sending a courtesy copy of a redlined version of the revised Greene Surrebuttal Testimony to plaintiffs for ease of review.

If you have any questions regarding these corrections, please contact this office.

Sincerely,

Alisha Till

Attachment

UM 1829

REDLINED VERSION

ERRATA PAGE 15

**SURREBUTTAL TESTIMONY OF AARON RODEHORST AND
GEOFFREY MOORE (PGE/500)**

1 **during the winter months.¹⁵ Please respond.**

2 A. While Mr. Moyer’s observation is correct, it is of little real value in addressing PGE’s need
3 for sufficient capacity to participate in the EIM. That is, even if PGE could accommodate
4 the Blue Marmots’ output without any significant deterioration of the Company’s EIM
5 benefits during the winter months, the same would not be true during the summer months.
6 It is unreasonable to suggest that PGE should maintain sufficient capacity for robust
7 participation in the EIM for only half of the year when the data to date demonstrate that
8 PGE is making robust use of its transmission capacity for EIM transfers in the summer
9 months. In addition, we understand that PGE cannot accept the Blue Marmots’ output for
10 only half the year and instead must have long-term firm transmission capacity available
11 year-round to accommodate QFs’ deliveries.

12 **Q. Mr. Moyer also points out that “on average” the highest levels of imports occur**
13 **during the morning and evening hours and that the Blue Marmots will only be**
14 **generating during daytime hours.¹⁶ Do these facts provide comfort to PGE that it**
15 **could relinquish capacity to the Blue Marmots without losing EIM benefits?**

16 A. No. Mr. Moyer’s data is based on the first few months of EIM, and it is simply too early to
17 reach these types of conclusions. For example, contrary to Mr. Moyer’s findings, July and
18 August 2018 show the opposite. PGE’s average imports were highest during the daytime
19 hours. This is shown in the Figure below, which illustrates average hourly EIM transfers
20 during the ~~5-and~~ 15-minute markets in July and August 2018.

¹⁵ Blue Marmot/400, Moyer/24.

¹⁶ Blue Marmot/400, Moyer/31.

UM 1829

CLEAN VERSION

ERRATA PAGE 15

**SURREBUTTAL TESTIMONY OF AARON RODEHORST AND
GEOFFREY MOORE (PGE/500)**

1 **during the winter months.¹⁵ Please respond.**

2 A. While Mr. Moyer’s observation is correct, it is of little real value in addressing PGE’s need
3 for sufficient capacity to participate in the EIM. That is, even if PGE could accommodate
4 the Blue Marmots’ output without any significant deterioration of the Company’s EIM
5 benefits during the winter months, the same would not be true during the summer months.
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7 participation in the EIM for only half of the year when the data to date demonstrate that
8 PGE is making robust use of its transmission capacity for EIM transfers in the summer
9 months. In addition, we understand that PGE cannot accept the Blue Marmots’ output for
10 only half the year and instead must have long-term firm transmission capacity available
11 year-round to accommodate QFs’ deliveries.

12 **Q. Mr. Moyer also points out that “on average” the highest levels of imports occur**
13 **during the morning and evening hours and that the Blue Marmots will only be**
14 **generating during daytime hours.¹⁶ Do these facts provide comfort to PGE that it**
15 **could relinquish capacity to the Blue Marmots without losing EIM benefits?**

16 A. No. Mr. Moyer’s data is based on the first few months of EIM, and it is simply too early to
17 reach these types of conclusions. For example, contrary to Mr. Moyer’s findings, July and
18 August 2018 show the opposite. PGE’s average imports were highest during the daytime
19 hours. This is shown in the Figure below, which illustrates average hourly EIM transfers
20 during the 15-minute markets in July and August 2018.

¹⁵ Blue Marmot/400, Moyer/24.

¹⁶ Blue Marmot/400, Moyer/31.

UM 1829

REVISED VERSION

ERRATA

SURREBUTTAL TESTIMONY OF BRIAN GREENE (PGE/400)

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

UM 1829

Blue Marmot V LLC
Blue Marmot VI LLC
Blue Marmot VII LLC
Blue Marmot VIII LLC
Blue Marmot IX LLC,

Complainants,

v.

Portland General Electric Company,

Defendant.

**PORTLAND GENERAL ELECTRIC COMPANY
REVISED SURREBUTTAL TESTIMONY OF
BRETT GREENE**

September 12, 2018

INTRODUCTION AND SUMMARY

1 **Q. Please state your name.**

2 A. My name is Brett Greene.

3 **Q. Have you previously filed testimony in this case?**

4 A. Yes. I previously filed Response Testimony on behalf of Portland General Electric
5 Company (PGE) on January 12, 2018 (hereinafter Policy Response Testimony).¹

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

7 A. The purpose of my testimony is to respond to the policy arguments made in the Reply
8 Testimony of Keegan Moyer as well as the joint Reply Testimony of Steve Irvin and
9 William Talbott.

10 **Q. Please summarize your testimony.**

11 A. In this case, the Blue Marmots seek to build five 10-MW solar qualifying facilities (QFs)
12 300 miles from PGE's service territory² and deliver their output to the interface between
13 the PacifiCorp and PGE systems (PACW-PGE interface),³ even though that interface has
14 no available transfer capability (ATC). The Blue Marmots argue that, regardless of the
15 lack of ATC, PGE must somehow accommodate their output, and further, that the costs of
16 doing so should be imposed on PGE's customers. In particular, the Blue Marmots argue
17 that PGE must (a) make and pay for upgrades to the PACW-PGE interface such that the
18 Blue Marmots' output can be delivered via that interface; (b) give up transmission capacity
19 that PGE has reserved and is currently using for its participation in the Western Energy

¹ PGE/100.

² This distance is approximate, based on the length of transmission lines between the Blue Marmots' proposed site and PGE's service territory.

³ As explained in my opening testimony, the Blue Marmots are located in PacifiCorp's service territory, near the California border. The Blue Marmots have determined to wheel and sell their output to PGE in order to take advantage of PGE's higher avoided cost rates in effect at the time they began the contracting process.

1 Imbalance Market (EIM); or (c) arrange and pay the costs to transmit the Blue Marmots’
2 output to the interface between PGE and the Bonneville Power Administration (BPA-PGE
3 interface), at the approximate cost of \$14 million.⁴

4 In my Response Testimony, I discussed the legal and policy principles that would
5 be violated by the Blue Marmots’ proposal. First, I explained that the Blue Marmots’
6 proposal to shift the costs of their projects onto the utility would cause PGE’s customers to
7 pay more for QF energy than their avoided cost. PGE believes that this result is
8 unreasonable and would harm PGE’s customers. And second, I discussed the vital
9 importance of PGE’s participation in the EIM, and the ways in which PGE’s customers
10 will be harmed if it is required to give up the transmission capacity that is critical to
11 successful participation.

12 In his Reply Testimony, Mr. Moyer makes three primary “policy”⁵ arguments in
13 support of Blue Marmots’ proposals. His first argument is that the Company has taken an
14 unnecessarily restricted view of the options it has to accommodate the Blue Marmots’
15 output, and that there are a number of ways PGE could do so without impacting its ability
16 to participate in the EIM. Next, Mr. Moyer argues that the Company has inappropriately
17 prioritized use of transmission for EIM participation, which he views as an inefficient use
18 of PGE’s transmission assets. Finally, Mr. Moyer states his disagreement with PGE’s view
19 that the Blue Marmots have not made the necessary arrangements to deliver their output to
20 the Company’s system because they cannot schedule their power across the PACW-PGE
21 interface.

⁴ Blue Marmot/100, Irvin/6.

⁵ PGE believes that several of the points Mr. Moyer makes in the policy section of his testimony are more factual than policy in nature, but will address them in this testimony nevertheless.

1 In addition, Messrs. Irvin and Talbot address two separate policy issues raised in
2 this case. First, they restate their view that the legally enforceable obligation (LEO)
3 established by the Blue Marmots puts them in the same legal position as if they had fully-
4 executed PPAs. Second, they argue that PGE has failed to act in good faith.

5 The Blue Marmots' arguments should be rejected for the following reasons:

6 **First**, the Blue Marmots' proposal will harm PGE's customers. Essentially, the
7 Blue Marmots are arguing that they have the right to locate their projects wherever they
8 wish, and to deliver their output wherever they wish, with no responsibility for the
9 consequences of those decisions. If upgrades are necessary to accept their output, then
10 they argue that PGE—and by extension, PGE's customers—should pay for them. If the
11 Blue Marmots' output needs to be moved to another interface, then they assert that PGE's
12 customers are responsible to pay the transmission charges required to do so. And if PGE
13 does not want its customers to pay for upgrades or transmission charges to accommodate
14 the Blue Marmots, then they argue that PGE must sacrifice the transmission capacity that
15 is vital for PGE's successful participation in the EIM, requiring customers to lose out on
16 the EIM benefits in which they have invested to date. This position is untenable as a matter
17 of both policy and law.⁶

18 **Second**, the Blue Marmots' view that PGE has “unreasonably limited its options”
19 is without merit. In fact, PGE's options are realistically limited by the fact that the PACW-
20 to-PGE path represents the Company's primary transmission route for participating in the
21 EIM and the path is constrained. As a result, PGE cannot give up its reserved transmission

⁶ This testimony will address policy issues only. PGE's legal arguments will be addressed by the Company's lawyers in briefing.

1 capacity to the Blue Marmots without compromising EIM benefits for the next fifteen
2 years. The Blue Marmots’ repeated insistence that the Company must come up with some
3 “creative way” to accommodate the Blue Marmots output—and Mr. Moyer’s vague
4 proposals as to how PGE might be able to do so—are simply not grounded in reality.
5 Notably, while Mr. Moyer claims that PGE’s System Impact Study (SIS) prepared for the
6 Blue Marmots failed to consider all possible transmission alternatives, he does not go so
7 far as to argue that the alternatives he proposes are actually feasible; and as explained in
8 the Transmission Surrebuttal Testimony, while it is *possible* that these alternatives could
9 prove technically feasible, they are most certainly not economically reasonable in view of
10 the option for the Blue Marmots to deliver to the BPA-PGE interface.

11 ***Third***, the Blue Marmots’ view that the Company has “inappropriately prioritized”
12 use of transmission for EIM participation is based on Mr. Moyer’s misunderstanding of the
13 capacity that is required for the Company to participate fully in the EIM. The Company is
14 correct to protect its reserved transmission capacity for EIM participation, which represents
15 an important strategic and operational initiative for the Company and its customers not
16 only now, but for years into the future with benefits expected to increase as more entities
17 join the EIM.

18 ***Fourth***, PGE continues to disagree with the Blue Marmots’ position that they have
19 no responsibility to bear any additional costs imposed by their project because they have
20 reserved transmission on PacifiCorp’s system, and our testimony confirms that, as a
21 practical matter, the Blue Marmots cannot schedule their output for delivery to PGE
22 because of the existing constraint.

1 *Fifth*, PGE believes that the Blue Marmots' LEO entitles them to the avoided cost
2 prices in effect at the time the obligation was incurred. Our testimony explains the policy
3 rationale for PGE's position and responds to the Blue Marmots' policy arguments in
4 support of their view that they are entitled to all terms and conditions in their partially
5 executed PPAs.

6 *And sixth*, the Blue Marmots' allegation that PGE has not acted in good faith to
7 explore all possible options for accepting their output is unsupported. PGE promptly
8 communicated with the Blue Marmots about the constraint, explored all reasonable options
9 for accommodating their delivery, has treated the Blue Marmots and other affected QFs
10 fairly, and has complied with its PURPA obligations.

THE BLUE MARMOTS' PROPOSALS WILL HARM PGE'S CUSTOMERS

11 **Q. Please explain your view that the Blue Marmots' proposals will harm PGE's**
12 **customers.**

13 A. The Blue Marmots propose that PGE has three options: (1) give up transmission capacity
14 that it is actively using for EIM participation and allocate it to the Blue Marmots; (2) pay
15 for transmission upgrades that would be required to accept the Blue Marmots' output; or
16 (3) purchase third-party transmission services from another transmission provider to
17 deliver the Blue Marmots' output to a location where it can be scheduled and delivered to
18 PGE.⁷ As explained in the EIM Response and Surrebuttal Testimony and the Transmission
19 Response and Surrebuttal Testimony, all of these approaches would financially harm
20 PGE's customers.

⁷ Blue Marmot/300, Moyer/5.

1 **Q. How would customers be harmed if PGE is forced to surrender transmission capacity**
2 **it has reserved and is actively using for EIM participation and to allocate it to the**
3 **Blue Marmots?**

4 A. As discussed in detail in the EIM Response and Surrebuttal Testimony, if PGE is required
5 to surrender capacity currently dedicated to the EIM, its ability to make economic transfers
6 would decrease; customers would then be deprived of the financial benefits they would
7 otherwise realize and in which they have made substantial investments to-date.⁸ PGE
8 previously produced data demonstrating that the PACW-to-PGE path is its primary path
9 for participating in the EIM. And, as further detailed in the EIM Surrebuttal Testimony,
10 the Company has also shown that, after just a few months of participation, the EIM is using
11 that path to make economic transfers in the majority of hourly intervals and, over the most
12 recent months, PGE is regularly using that path's full transmission capacity for EIM
13 transfers, particularly during peak hours. Therefore, customers are already benefiting from
14 use of the full amount of transmission capacity reserved on the PACW-to-PGE path. More
15 importantly, the Company expects that usage will increase as more entities enter the EIM,
16 and as variable resources become an increasingly large percentage of the Company's
17 overall generation portfolio. Thus, while we cannot quantify the precise level of financial
18 harm that would be imposed on customers if PGE is required to give up EIM transmission
19 capacity to the Blue Marmots, we know that such harm would be imposed immediately,
20 and we believe that the harm is likely to increase over time.

⁸ As of December of 2017, PGE had incurred approximately \$13 million of capital investment in the EIM.

1 **Q. How would customers be harmed if PGE is forced to pay for upgrades required to**
2 **allow the Company to accept the Blue Marmot’s output via the PACW-PGE**
3 **interface?**

4 A. Customers would be directly and significantly harmed if PGE were required to absorb the
5 cost of system upgrades required to allow the Blue Marmots to deliver their output via the
6 PACW-PGE interface, as those projects have requested. As described in the Transmission
7 Surrebuttal Testimony, PGE’s SIS was unable to identify any upgrade that would
8 sufficiently increase the total capacity of the PACW-PGE interface to allow for scheduling
9 and delivery of the Blue Marmots’ entire net output; moreover, the SIS indicated that an
10 upgrade that would add only a portion of the capacity needed by the Blue Marmots would
11 cost tens of millions of dollars.⁹ However, from a policy perspective, the Blue Marmots’
12 position is unsupportable. They are essentially arguing that they should be allowed to
13 develop five solar projects 300 miles away from PGE’s service territory and deliver the
14 output of those projects to a constrained point on PGE’s system. It is their position that the
15 consequences of these decisions are not their problem to solve, but rather it is PGE—and
16 by extension PGE’s customers—who must suffer the financial consequences. PGE
17 believes that this position is entirely at odds with sound public policy.

18 **Q. Mr. Moyer also argues that assessing “transmission costs” to the Blue Marmots would**
19 **impermissibly decrease the avoided cost rate to which they are entitled.¹⁰ Please**
20 **respond.**

⁹ PGE/600, Edmonds-Larson-Richard/8.

¹⁰ Blue Marmot/300, Moyer/27.

1 A. In making this argument, Mr. Moyer elevates form over content, and process over
2 substance. The Commission has enunciated the general principle that QFs are responsible
3 for the costs that they impose on the purchasing utility, and has recognized that, at least in
4 the case of third-party transmission charges, the Federal Energy Regulatory Commission
5 (FERC) has left open the vehicle by which they are assessed.¹¹ There is therefore no sound
6 reason for the Blue Marmots to conclude that, just because these costs were not captured
7 in the Company's standard avoided cost prices, the costs necessarily must be borne by
8 PGE's customers.

**PGE HAS CONSIDERED ALL REASONABLE OPTIONS FOR MANAGING THE
BLUE MARMOTS' OUTPUT**

9 **Q. Please explain Mr. Moyer's argument that PGE has taken an unreasonably restricted**
10 **view of the options it has to manage the Blue Marmots' output.**

11 A. Mr. Moyer characterizes PGE as taking the position that it has two alternatives if it is
12 required to accept the Blue Marmots' output via the PACW-PGE interface: either it can
13 relinquish transmission capacity that it is relying on to participate in the EIM or the Blue
14 Marmots must be forced to pay for a 300-mile generation lead line to directly interconnect
15 with PGE's system.¹² (PGE has also informed the Blue Marmots they may transmit their
16 output to the BPA-PGE interface, but Mr. Moyer omits this fact.) Mr. Moyer argues that
17 PGE is intentionally limiting its options as a way of avoiding its purchase obligations,
18 "while ignoring alternative uses of power and transmission."¹³

¹¹ *In the Matter of Public Utility Commission of Oregon Staff Investigation into Qualifying Facility Contracting and Pricing*, Docket No. UM 1610, Order No. 14-058 at 16-22 (Feb. 24, 2014).

¹² Blue Marmot/400, Moyer/5.

¹³ Blue Marmot/400, Moyer/7.

1 **Q. What are the “alternative uses of power and transmission” that Mr. Moyer claims**
2 **PGE is ignoring?**

3 A. Mr. Moyer claims that there are “numerous” ways in which PGE could accept the Blue
4 Marmots’ output but provides only two specific alternatives. First, Mr. Moyer claims that
5 PGE could resell a portion of the Blue Marmots’ output to a third party and use a portion
6 of it to serve native load.¹⁴ Second, Mr. Moyer claims that PGE could manage the power
7 through “the concept of displacement,” arguing that the Blue Marmots’ power could be
8 “used by PGE as a surrogate for power PGE would otherwise ship to market.”¹⁵ Mr. Moyer
9 concludes that “[a]t the end of the day, PGE is the entity best positioned to figure out the
10 most economical solution.”¹⁶

11 **Q. Please respond to Mr. Moyer’s claim that the Company can sell a portion of the**
12 **output to a third party and use a portion of it to serve native load.**

13 A. The Blue Marmots have refused to provide any detail as to precisely what Mr. Moyer
14 intends the Company to do,¹⁷ but PGE presumes he is suggesting that the Company accept
15 the Blue Marmots’ output to serve native load when PGE has enough transmission capacity
16 to do so—presumably during the winter when the path rating is higher—and then sell the
17 rest to some third party when it does not. PGE believes that this approach is unacceptable
18 because it would impose additional costs on PGE’s customers, causing them harm.
19 Specifically, in order to sell the Blue Marmots’ output to a third party, PGE would first
20 need to expend Company resources to locate a buyer and then acquire one or many
21 transmission reservations to transmit the power to the buyer, which may or may not be

¹⁴ Blue Marmot/400, Moyer/7.

¹⁵ Blue Marmot/400, Moyer/7.

¹⁶ Blue Marmot/400, Moyer/7.

¹⁷ Blue Marmot Response to PGE DR 28, attached as PGE/401.

1 possible. Assuming the necessary transmission was available and PGE was able to acquire
2 it, PGE would need to accept whatever market price it could obtain for the generation—
3 which in times of negative pricing could mean paying a buyer to accept the power—and
4 potentially incur EIM or other charges to facilitate the sale.

5 Given that PGE would be paying the Blue Marmots an avoided cost price that
6 includes a capacity payment, PGE would almost inevitably be selling the output at a loss.
7 Moreover, this approach is at odds with PURPA’s overall framework, which assumes that,
8 at least during the deficiency period, PGE is purchasing the QF’s output in place of its own
9 generation otherwise required to serve customer load. Mr. Moyer’s proposal turns those
10 assumptions on their head and, as a result, would burden PGE’s customers with extra costs.

11 **Q. Please respond to Mr. Moyer’s claim that the Company could use the displacement**
12 **method to accommodate the Blue Marmots’ output.**

13 A. Again, Mr. Moyer does not explain in his testimony precisely how this could work and,
14 when PGE asked for more detail via data request, Mr. Moyer simply responded that “EDPR
15 is not responsible for the ‘details’ necessary to implement this approach.”¹⁸ Nevertheless,
16 based on the little information Mr. Moyer does provide, PGE assumes that Mr. Moyer
17 intends that PGE pay third-party transmission charges to move the Blue Marmots’ output
18 to the Mid-Columbia market hub, in lieu of market sales that he assumes the Company
19 would otherwise be making. From an implementation standpoint, this proposal is the same
20 as Mr. Moyer’s proposal that the Company use the Blue Marmots’ output to make third-
21 party sales, and suffers from the same infirmities. Specifically, Mr. Moyer incorrectly
22 assumes that PGE will always have market sales that it can displace with the Blue

¹⁸ Blue Marmot Response to PGE DR 28, attached as PGE/401.

1 Marmots’ output, whenever the Blue Marmots are generating. That is simply not the case.
2 In fact, during very warm or very cold periods, or other high load periods, PGE typically
3 will not have excess generation to sell and would be making market purchases. If PGE
4 were not making market sales, any incremental costs required to sell the Blue Marmots’
5 output to market would impose additional costs on PGE’s customers, harming them
6 financially in violation of PURPA. In addition, during times of very low or negative
7 pricing, the Company would normally make the economic decision to reduce the output of
8 its own resources instead of generating and paying others to take excess energy from PGE.
9 Customers would be harmed financially if the Company were required to sell the Blue
10 Marmots’ output into the market at these times as well.

11 Second, Mr. Moyer incorrectly cites FERC Order 69 as support for his
12 displacement proposal.¹⁹ While the implications of Order 69 are largely a legal matter that
13 will be addressed in PGE’s briefing, for the sake of this testimony, PGE will simply observe
14 that Order 69 addresses a narrow set of facts concerning “all-requirements” rural electric
15 cooperatives that may not be relevant here. Specifically, in Order 69 FERC addresses the
16 challenges posed by PURPA for such entities, noting that PURPA allows utilities that
17 would otherwise be obligated to purchase from a QF to transmit the QF energy to its
18 supplying utility through “displacement.”²⁰ Even assuming—for the sake of argument—
19 that FERC’s statement regarding displacement is more broadly applicable, its endorsement
20 of displacement is premised upon the assumption that the utility would otherwise be
21 purchasing (or under Mr. Moyer’s theory, selling) energy that the QF can displace. Stated

¹⁹ Blue Marmot/400, Moyer/7.

²⁰ *Small Power Production and Cogeneration Facilities; Regulations Implementing Section 210 of the Public Utility Regulatory Policies Act of 1978*, 69 FERC ¶ 12,214 at ¶ 12,219 (Mar. 29, 1980).

1 differently, displacement cannot occur where there is nothing to displace. Here, Mr.
2 Moyer's displacement approach will not work because, as explained above, PGE will not
3 *always* be selling power into the market when the Blue Marmots are generating.

4 **Q. Mr. Moyer also claims that PGE has not considered transmission options that could**
5 **increase the total transfer capability (TTC) of the PACW-PGE interface. Please**
6 **respond.**

7 A. In its Transmission Surrebuttal Testimony, PGE provides a detailed analysis supporting
8 the SIS and demonstrating that PGE did not fail to study any reasonable transmission
9 options. At a high level, it is important to note that, while Mr. Moyer points to alternatives
10 that he believes PGE should have studied, he does not and cannot claim that any of them
11 present a reasonable approach to increasing TTC. Specifically, each of the alternatives Mr.
12 Moyer claims the Company should have studied would cost an estimated \$45 million or
13 more to construct. Therefore, even if Mr. Moyer were correct that these approaches would
14 sufficiently increase TTC to allow the Blue Marmots to deliver their output, it would be
15 entirely unreasonable for PGE to undertake them—particularly because the Blue Marmots
16 have the option of delivering their output to the BPA-PGE interface at a total cost of
17 approximately \$14 million.²¹

18 **Q. Why is it the Blue Marmots'—and not PGE's—responsibility to wheel the Blue**
19 **Marmots' output to the BPA-PGE interface?**

20 A. The Blue Marmots must be responsible for delivering to the BPA-PGE interface because
21 customers would be harmed if they were required to bear the \$14 million cost to do so. As
22 discussed in the Policy Response Testimony, PGE's avoided cost prices assume just one

²¹ Blue Marmot/100, Irvin/6.

1 leg of third-party transmission to move generation from an off-system proxy resource to
2 PGE's territory. Therefore, PGE's customers would be harmed if they were required to
3 pay for the second leg of third-party transmission required to move the Blue Marmots'
4 output from the PACW-PGE interface to the BPA-PGE interface.

5 **Q. Please respond to Mr. Moyer's claim that PGE arrived at an unreasonable conclusion**
6 **that a 300-mile generation lead line is required to deliver the Blue Marmots' output.**²²

7 A. As discussed in the Transmission Surrebuttal Testimony, PGE presented the generation
8 lead line—which interconnects directly to PGE's system—as the only approach studied
9 that could deliver all of the Blue Marmots' output to PGE. Mr. Moyer argues that the cost
10 of this approach is unreasonable—and PGE agrees. It would be much more reasonable for
11 the Blue Marmots to purchase transmission service on BPA's system to schedule and
12 deliver their output to PGE at the BPA-PGE interface, where there is sufficient ATC.
13 However, the Blue Marmots had already refused to consider this option at the time of the
14 SIS, so PGE chose to present the only remaining alternative that could reliably deliver all
15 of their projects' output to PGE's system.

16 **Q. Mr. Moyer also claims that PGE has "complicated the record" by introducing a**
17 **transmission service study into the record. Please respond.**

18 A. This claim is without basis. In his Opening Testimony, Mr. Moyer argues that one of the
19 ways that PGE could accommodate the Blue Marmots' output is by studying and paying
20 for the transmission upgrades necessary to allow the Blue Marmots to deliver their output
21 to the PACW-PGE interface.²³ The SIS was introduced in response to Mr. Moyer's

²² Blue Marmot/400, Moyer/8.

²³ Blue Marmot/300, Moyer/5.

1 argument, made in his Opening Testimony, that PGE should study and pay for the
2 transmission upgrades necessary to allow the Blue Marmots to deliver their output to the
3 PACW-PGE interface.²⁴ The Study establishes that: (1) there are no feasible upgrades that
4 could increase TTC of the PACW-PGE interface sufficiently to allow for the delivery of
5 all of the Blue Marmots' output; and (2) other approaches that would allow for partial
6 delivery of the Blue Marmots' output via the PACW-PGE interface—or directly to PGE's
7 system through a generation lead line—would be exorbitantly expensive. This information
8 is directly relevant to Mr. Moyer's testimony—showing that his proposal is either not
9 technically feasible or exorbitantly expensive. Therefore, it is illogical for Mr. Moyer to
10 argue that the introduction of the SIS unnecessarily complicates the record.

11 **Q. Finally, Mr. Moyer states that PGE has “[m]ischaracterized the [transmission service**
12 **request] and the resulting SIS as something that the Blue Marmots were obliged to**
13 **request from PGE Transmission.”²⁵**

14 A. Mr. Moyer's statement is without any basis in fact. As explained in the Policy Response
15 Testimony, the Blue Marmots' request that PGE Transmission perform the SIS came out
16 of settlement discussions between PGE and the Blue Marmots. The Blue Marmots'
17 decision to request the SIS arose from an honest effort by both parties to determine whether
18 reasonably affordable upgrades existed that would allow for scheduling and delivery of the
19 Blue Marmots' output. PGE never suggested that the Blue Marmots were required to
20 request the Study—nor did PGE ever indicate that the Blue Marmots were responsible to
21 purchase transmission services from PGE. To be clear, while PGE believes that QFs are

²⁴ Blue Marmot/300, Moyer/5.

²⁵ Blue Marmot/400, Moyer/8.

1 responsible for *system upgrades* required to enable delivery of their output, PGE does not
2 believe that QFs are responsible to pay for *transmission service* on the purchasing utility's
3 system.

4 Mr. Moyer did not attend the settlement discussions between PGE and the Blue
5 Marmots, and as far as PGE knows, he had not been retained by the Blue Marmots until
6 much later. Therefore, his arguments may be explained by the fact that he is unfamiliar
7 with what took place. At any rate, his view of what occurred is incorrect.

PGE PROPERLY PRIORITIZED THE EIM

8 **Q. Please provide a brief update on the Company's experience in the EIM to-date.**

9 A. The Company entered into the EIM in October 2017, and has now had nearly 11 months
10 of participation. As more fully described in the EIM Surrebuttal testimony, in each of
11 these months the Company has made EIM transfers during the majority of all hours, and
12 has regularly used all of the capacity reserved on the PACW-to-PGE path during peak
13 hours.²⁶ As a result, PGE's customers are receiving the benefits of their investment in
14 this important initiative.

15 **Q. Please explain Mr. Moyer's claim that PGE has inappropriately prioritized use of**
16 **transmission for EIM participation, which he views as an inefficient use of PGE's**
17 **transmission assets.²⁷**

18 A. Mr. Moyer makes two arguments to support this claim. First Mr. Moyer argues that the
19 Company's initial reservation of 418 MW for the EIM "may" have been more than was
20 needed, and that therefore, even though a significant amount of that reservation (147 MW)
21 was recalled, there is no reason why PGE should not surrender even more of its EIM

²⁶ See PGE/500, Rodehorst-Moore/9.

²⁷ Blue Marmot/400, Moyer/10.

1 capacity to the QFs.²⁸ Second, he argues that just because PGE believes the Company
2 needs the reserved capacity for the EIM does not mean that it is absolved of its “other
3 responsibilities.”²⁹

4 **Q. What is your general response to Mr. Moyer’s argument?**

5 A. Mr. Moyer seems to believe that PGE should have reserved a minimal amount of
6 transmission capacity for the EIM, and further that as a matter of policy, PGE’s plans for
7 the EIM should give way in the face of a QF’s wish for transmission capacity to
8 accommodate a particular project. In taking this view, Mr. Moyer fails to apprehend just
9 how important the EIM is to PGE’s future participation in energy markets, and its ability
10 to achieve the benefits in which customers have invested.

11 The EIM has been a tremendous success, with economic and environmental
12 benefits growing as the EIM footprint itself has grown. As each additional member has
13 joined the market, each has contributed both generation and transmission resources,
14 thereby facilitating increased benefits. As variable energy resources have continued to
15 increase in the West and as more transmission capacity has been made available to the
16 market, the grid is used more efficiently, resulting in the avoidance of unnecessary
17 curtailments of variable energy resources. In this manner, the EIM has reshaped the
18 western grid and has fundamentally changed the direction of markets for the future.
19 Importantly, using conservative estimates, over 50% of the load in the West is already
20 participating in the EIM. By 2022, assuming other utilities like Sacramento Municipal
21 Utility District, Seattle City Light, Los Angeles Department of Water and Power, and

²⁸ Blue Marmot/400, Moyer/10-11.

²⁹ Blue Marmot/400, Moyer/10-11.

1 Bonneville Power Administration have all executed on their announced plans to join the
2 EIM, the participation of load in the West will be closer to 80%. This is a significant
3 indication of what market participation will look like in the future and further supports the
4 conclusion that the West has made a fundamental shift towards the EIM and the value that
5 it delivers for customers. However, PGE's customers will be deprived of this value if the
6 Company lacks the critical transmission capacity required for robust participation.

7 **Q. Please respond to Mr. Moyer's specific claim that PGE's target for EIM capacity may**
8 **not be optimal.**

9 A. Mr. Moyer's argument on this point is unpersuasive. PGE's EIM Response Testimony
10 provides a lengthy and detailed explanation as to why PGE initially chose to reserve
11 418 MW for EIM participation.³⁰ In short, PGE made this decision based on the
12 Company's view that it was important to have approximately the same amount of
13 transmission capacity as the neighboring utilities participating in the EIM in order to
14 maximize EIM transfers—and, correspondingly, customer benefits. A second factor
15 underlying this view was PGE's belief—which has proven true to date—that the PACW-
16 to-PGE path would be the primary transmission path for PGE's participation in the EIM.
17 And the final factor underlying the Company's determination was the limited TTC on the
18 path. On this last point, the EIM studies performed for PGE by its consultants correctly
19 identified the PACW-to-PGE path as the primary path for PGE's EIM participation.³¹ PGE
20 understood that if it did not reserve the ATC on that path for the EIM, it might not be

³⁰ See PGE/200, Sims-Rodehorst-Sporborg/10-13.

³¹ See PGE/200, Sims-Rodehorst-Sporborg/6.

1 available if PGE later determined that it was required, therefore eliminating the potential
2 to achieve EIM savings for customers.

3 Moreover, while Mr. Moyer points to the first few months of EIM transfer activity
4 to argue that PGE has inappropriately “over procured” EIM-dedicated transmission,³² as
5 discussed in PGE’s EIM Surrebuttal Testimony, Mr. Moyer’s analysis is not persuasive.
6 Even if the current data did suggest that PGE had more transmission capacity for the EIM
7 than is required for the current level of transfers—a claim with which PGE vehemently
8 disagrees—this data says nothing about the amount of capacity that will be required as EIM
9 participation expands. PGE’s entry into the EIM constitutes an important operational and
10 strategic initiative for the Company, and the Company believes 100 percent of its current
11 transmission reservation will be required to deliver the benefits of participation to its
12 customers over time. Given these facts, it would be imprudent for PGE to relinquish
13 capacity for approximately 20 years to the Blue Marmots.

14 **Q. Does the Commission’s decision in this case have broader implications than the**
15 **request for capacity posed by the Blue Marmots?**

16 A. Yes. The Blue Marmots are not the only QFs that wish to deliver via the PACW-PGE
17 interface. PGE has had several requests from other off-system QFs that wish to deliver
18 their output via that interface. If PGE were required to give up EIM capacity to QFs in
19 general, the amount available for participation in the EIM could soon be zero.

³² Blue Marmot/400, Moyer/22.

1 **Q. How do you respond to Mr. Moyer’s argument that, regardless of how much**
2 **transmission capacity PGE believes is required for successful participation in the**
3 **EIM, the Company is not “absolved of its other responsibilities”?**³³

4 A. PGE rejects this formulation. Presumably, the “other responsibilities” Mr. Moyer is
5 referring to are PGE’s obligations under PURPA. Mr. Moyer seems to be suggesting that
6 even if PGE required all of its reserved transmission capacity to participate at an optimal
7 level in the EIM, it would nevertheless be required to give up that transmission capacity
8 because its PURPA obligations take priority over every other obligation a utility might
9 have. This is consistent with the argument Mr. Moyer made in his Opening Testimony
10 when he said that it was his understanding that “a utility’s PURPA obligations supersede
11 any contractual obligations that a utility might claim would prohibit its ability to purchase
12 a QF’s net output.”³⁴ This interpretation would wrongfully require PGE to breach contracts
13 with third parties in order to accommodate QF requests, and could upend and disrupt every
14 transmission arrangement PGE makes to provide safe and reliable service to its customers,
15 ultimately causing significant harm to PGE’s customers.

THE BLUE MARMOTS’ INABILITY TO SCHEDULE DELIVERY

16 **Q. Please describe Mr. Moyer’s testimony regarding the Blue Marmots’ ability to**
17 **schedule their output to the PACW.PGE Point of Delivery (POD).**

18 A. Mr. Moyer’s testimony on this point is intended to support the Blue Marmots’ view that
19 by reserving transmission on PacifiCorp’s system to transmit their output to PacifiCorp’s
20 PACW.PGE POD, they have fulfilled all necessary obligations to sell their output to PGE
21 and therefore cannot be held responsible for any further costs. PGE has explained that this

³³ Blue Marmot/400, Moyer/10-11.

³⁴ Blue Marmot/300, Moyer/12.

1 position is incorrect as a technical matter because, given that there is no transmission
2 capacity that can be allocated to the Blue Marmots, they *cannot* schedule their power for
3 delivery across the PACW-PGE interface.³⁵

4 In his Reply Testimony, Mr. Moyer describes the distinction between a
5 transmission reservation and a transmission schedule and explains that transmission of
6 power cannot be scheduled unless the scheduler has the right to do so, which is obtained
7 via a transmission reservation.³⁶ He asserts that, if PGE reserved transmission capacity for
8 the Blue Marmots on the other side of the PACW-PGE interface, then the Blue Marmots
9 would be able to schedule their output for delivery via their existing reservation with
10 PacifiCorp and PGE's reservation.³⁷ Therefore, although he acknowledges that PGE's
11 testimony about the Blue Marmots' inability to schedule is technically accurate, he
12 maintains that the problem results from PGE's failure to take appropriate action—not a
13 deficiency in the Blue Marmots' arrangements.³⁸

14 **Q. Do you agree with Mr. Moyer's assertion that the Blue Marmots' inability to schedule**
15 **their output for delivery results from PGE's inaction?**

16 A. No. First, PGE would note that Mr. Moyer's acknowledgment that PGE's position is
17 technically correct and that the Blue Marmots are not currently able to schedule delivery
18 of their output is at odds with the Blue Marmots' repeated claims throughout their
19 testimony that they already have made arrangements sufficient for delivery to PGE.³⁹ The

³⁵ Blue Marmot/400, Moyer/12, 33. PGE also believes that Blue Marmots' argument is also incorrect as a matter of law—an issue that will be addressed in PGE's briefs.

³⁶ Blue Marmot/400, Moyer/12-13.

³⁷ Blue Marmot/400, Moyer/13.

³⁸ Blue Marmot/400, Moyer/13-14.

³⁹ Blue Marmot/500, Irvin-Talbott/3 (“the Blue Marmots’ power that PacifiCorp *will deliver*”) (emphasis added); *see also*, Blue Marmot/300, Moyer/3, 13-14; Blue Marmot/400, Moyer/2, 6, 43.

1 Blue Marmots finally appear to recognize that their current arrangements do not allow their
2 output to be delivered to PGE under existing circumstances.

3 Second, to Mr. Moyer's argument that it is PGE's failure to act that prevents Blue
4 Marmots from delivering their output, PGE agrees that, in the absence of a constraint, PGE
5 would be responsible for reserving transmission capacity on which the QF could schedule.
6 However, in a situation like that posed in the present case where PGE's existing capacity
7 is committed and there is no ATC that can be reserved, PGE believes that the QF—not
8 PGE and its customers—is responsible for either delivering to a point at which there is
9 available capacity or paying for upgrades necessary to increase capacity. The Blue
10 Marmots have not yet indicated a willingness to take either approach, and therefore PGE
11 does not believe that it is deficient in any obligation to reserve capacity for the Blue
12 Marmots, as Mr. Moyer claims.

13 **Q. Messrs. Irvin and Talbott also raise the fact that PGE has not explained how it will**
14 **accommodate the output of the three off-system QFs in PacifiCorp territory that have**
15 **fully executed PPAs and that have requested to deliver to the PACW.PGE POD.⁴⁰**
16 **Please respond.**

17 A. At the outset it bears repeating that we reject the view, stated in Blue Marmots' initial
18 testimony and pleadings, that the Blue Marmots are similarly situated to these other three
19 QFs and therefore must be treated identically. These QFs (totaling 67 MW) have fully-
20 executed contracts—one of which specifically states that it will deliver its output via the
21 PACW-PGE interface. The Blue Marmots do not have fully-executed PPAs, and therefore
22 do not raise all of the same considerations. That said, PGE is exploring options with these

⁴⁰ Blue Marmot/500, Irvin-Talbott/13.

1 QFs that would have them deliver their output to the BPA-PGE interface—but PGE has
2 not yet reached a resolution.⁴¹

THE BLUE MARMOTS' LEO LOCKED IN AVOIDED COST PRICES

3 **Q. Please summarize the disagreement between PGE and the Blue Marmots regarding**
4 **the implications of the fact that four out of five of the Blue Marmots executed and**
5 **returned to PGE executable versions of the PPAs forwarded by the Company.**

6 A. Under Commission policy, a QF establishes a LEO to sell its output to a utility by executing
7 a final executable PPA.⁴² As such, PGE has confirmed that the Blue Marmots have
8 established a LEO for Blue Marmots V, VI, VII, and IX. PGE interprets this LEO to entitle
9 the Blue Marmots to the relevant avoided cost rates that were in effect at the time they
10 executed the PPAs. However, PGE does not agree with the Blue Marmots' view that the
11 establishment of this LEO puts the Blue Marmots in the same position they would be in if
12 the PPAs were fully executed. On this point, PGE has pointed out Section 2.1 in each of
13 the PPAs provided to the Blue Marmots, which states that the agreement is effective when
14 it is executed by both parties.⁴³

15 In their joint Reply Testimony, Messrs. Irvin and Talbott correctly note that the
16 legal implications of a LEO are, first and foremost, an issue to be addressed by the lawyers
17 in their briefs.⁴⁴ However, they offer several non-legal opinions to which we will respond.
18 First, Messrs. Irvin and Talbott argue that if the LEO does not entitle the Blue Marmots to
19 all of the terms and conditions covered in the PPA, it is essentially meaningless.⁴⁵ Second,

⁴¹ PGE has not been able to contact one of these QFs.

⁴² *In the Matter of Public Utility Commission of Oregon Staff Investigation Into Qualifying Facility Contracting and Pricing*, Docket No. UM 1610, Order No. 16-174 at 3 (May 13, 2016).

⁴³ See e.g., Blue Marmot/201, Talbott/12.

⁴⁴ Blue Marmot/500, Irvin-Talbott/8.

⁴⁵ Blue Marmot/500, Irvin-Talbott/8-9.

1 Messrs. Irvin and Talbott testify that it was their belief, at the time PGE confirmed that
2 they had a LEO, that they were entitled to all of the contract terms and conditions.⁴⁶ They
3 also state that, at the time, they believed that they were committing to deliver their output
4 to the PACW.PGE POD, and that they would not need to incur any additional transmission
5 or interconnection costs.⁴⁷

6 **Q. What is your general response to these arguments?**

7 A. As will be addressed in our briefing, PGE disagrees that the LEOs incurred by the Blue
8 Marmots are equivalent to the rights conferred by a fully-executed PPA. Nevertheless,
9 even if the Commission found in the Blue Marmots' favor on this issue, that would not
10 mean that they have the right to deliver their output via the PACW-PGE interface,
11 regardless of the constraint. To be clear, the PPAs signed by the Blue Marmots do not state
12 a point of delivery. And contrary to the suggestions in the testimony of Messrs. Irvin and
13 Talbott, prior to the date PGE informed EDPR of the constraint, EDPR never directly stated
14 that the Blue Marmots planned to deliver to PGE at the PACW-PGE interface or committed
15 to do so. While we did have information regarding Blue Marmots' request to PacifiCorp
16 for transmission service, and theoretically could have concluded that they desired to deliver
17 to the PACW-PGE interface, as discussed my opening testimony, at that time PGE did not
18 inquire about or focus on the point of delivery for off-system QFs until after contract
19 execution.

⁴⁶ Blue Marmot/500, Irvin-Talbott/9.

⁴⁷ Blue Marmot/500, Irvin-Talbott/9.

1 **Q. Do you agree that the Blue Marmots' establishment of a LEO is meaningless if it**
2 **entitles them to the avoided cost rate in place at the time, but is not the equivalent of**
3 **a fully executed agreement?**

4 A. No. By incurring a LEO, the Blue Marmots have guaranteed themselves access to the
5 avoided cost rates that were in effect at the time they signed the PPAs—provided the parties
6 are able to resolve the constraint issue and finalize a PPA. In the absence of the LEO, once
7 the constraint issue is resolved, the avoided cost price available to the Blue Marmots would
8 be the one in effect when the contracts are finalized. Given that the avoided cost price
9 applicable to the Blue Marmots has decreased by approximately 41 percent in the time
10 since they achieved their LEO, the existence of that LEO is certainly meaningful to PGE's
11 customers, if not to the Blue Marmots.⁴⁸

12 **Q. How do you respond to Messrs. Irvin and Talbott's statement that they understood**
13 **that, by securing transmission rights to deliver their output to PGE, they would not**
14 **be required to pay for additional transmission to deliver their output to a different**
15 **delivery point on PGE's system or to pay for system upgrades?**⁴⁹

16 A. We cannot speak to what Messrs. Irvin or Talbott believed about whether they might be
17 required to deliver their output to a different POD or to pay for transmission upgrades, but
18 we would offer two relevant observations. First, but for the constraint at the POD to which
19 the Blue Marmots wish to deliver their output, they would not be responsible to deliver
20 their output to a different POD or pay for upgrades. So, assuming that Messrs. Irvin and

⁴⁸ This calculation assumes that the 15-year fixed-price term begins at execution instead of commencement of deliveries. Assuming that the 15-year fixed-price term begins at the commencement of deliveries, as argued by the Blue Marmots, the decrease is 34 percent.

⁴⁹ Blue Marmot/100, Irvin/2.

1 Talbott were unaware of the constraint, it is not surprising that they would not be expecting
2 to be responsible for further costs.

3 That said, Messrs. Irvin and Talbott are representatives of a major multinational
4 corporation whose website states that it has developed 6,200 MW of renewable energy and
5 operates more than 5,600 MW of renewable energy projects.⁵⁰ Moreover, EDPR is the
6 wholly-owned subsidiary of the global parent, EDP, whose website boasts €15.7 billion in
7 annual revenues and €2.3 billion in operating income.⁵¹ Given their sophistication, they
8 surely were aware of two critical facts—one regulatory and one practical. First, they must
9 have been aware that utility customers cannot be required to pay QFs more for QF
10 generation than the cost they avoid by the purchase, which PGE believes necessarily
11 requires QFs to pay for costs caused by their projects that are not accounted for in PGE's
12 avoided costs. Second, they must have been aware that, in the contracting process,
13 unforeseen issues frequently arise that must be dealt with. In this case, the unforeseen issue
14 was the constraint at the PACW-PGE interface.

15 **Q. Messrs. Irvin and Talbott argue that, if PGE had communicated earlier that**
16 **additional transmission arrangements would be required for PGE to purchase the**
17 **Blue Marmots' output, EDPR "might have made different investment decisions."⁵²**
18 **What is your response?**

19 A. In making this assertion, it appears that EDPR is attempting to make some kind of "lost
20 opportunity" argument. However, they have provided no facts to support this position.

21 The fact is that, prior to the time EDPR learned of the constraint at the PACW-PGE

⁵⁰ EDP Renewables - About Us (2018), available at <https://www.edprnorthamerica.com/wp-content/uploads/2018/08/About-EDPR-August-2018.pdf>.

⁵¹ See EDP Financial Indicators, Numbers in Detail, available at <https://www.edp.com/en/numbers-detail>.

⁵² Blue Marmot/500, Irvin-Talbott/10-11.

1 interface—and PGE’s position that EDPR would be required to pay the cost to deliver their
2 output to the BPA-PGE interface or for necessary upgrades—EDPR had invested
3 approximately \$428,000 in these projects.⁵³ (To the extent these costs include transmission
4 arrangements with PacifiCorp to deliver the Blue Marmots’ output to the PACW-PGE
5 interface, these costs would be refundable under PacifiCorp’s standard tariff.⁵⁴) Since that
6 time, EDPR has invested additional amounts over \$480,000, excluding the costs of external
7 labor.⁵⁵ It does not appear that learning about the constraint or the potential that they would
8 be responsible for additional costs has deterred the Blue Marmots from investing additional
9 amounts in the projects.

PGE ACTED IN GOOD FAITH

10 **Q. Please summarize the argument by Messrs. Irvin and Talbott that PGE has acted in**
11 **bad faith.**

12 A. Messrs. Irvin and Talbott argue that PGE has not tried hard enough to figure out a way to
13 accept the Blue Marmots’ output at the PACW-PGE interface without imposing additional
14 costs on them, and that PGE’s failure to do so amounts to bad faith.⁵⁶ In support of their
15 opinion, they point to the fact that, within a few days of learning that there was no ATC at
16 the PACW-PGE interface, PGE informed the Blue Marmots that they would either need to
17 deliver their output to the BPA-PGE interface or pay for upgrades necessary to allow for
18 delivery.⁵⁷ And Messrs. Irvin and Talbott also insist that they should be treated in the same
19 fashion as the QFs with fully executed contracts, and that PGE is delaying informing them

⁵³ Blue Marmot Response to PGE DR 2, attached as PGE/401.

⁵⁴ Under PacifiCorp’s Open Access Transmission Tariff, the costs for these arrangements would be approximately \$130,000.

⁵⁵ Blue Marmot Responses to PGE DR 2 and 35, attached as PGE/401.

⁵⁶ Blue Marmot/400, Irvin-Talbott/2.

⁵⁷ PGE/100, Greene-Moore/3.

1 as to how those QFs will be treated to prevent that information from being used against the
2 Company.⁵⁸

3 **Q. Do you agree with Messrs. Irvin and Talbott on these points?**

4 A. No. PGE has been transparent and ethical in its dealings with the Blue Marmots at every
5 stage of the process. When PGE’s QF personnel first learned that all of the transmission
6 capacity at the PACW-PGE interface was reserved for the EIM, the Blue Marmots were
7 immediately informed by the EIM team that PGE’s EIM reservation had already been
8 significantly diminished when the TTC on that path was decreased, and further that PGE’s
9 MBR authority relied on its commitment of the remaining capacity (subject to the narrow
10 limitations related to 76 MW) to make EIM transfers. So, PGE understood quite well that
11 it could not simply give up its reservation to facilitate delivery of the Blue Marmots’ output.

12 The bad faith argument being made by Messrs. Irvin and Talbott seems to be based
13 on Mr. Moyer’s repeated insistence that there must be some “creative” way for PGE to
14 accept the Blue Marmots’ output without upgrades and without undermining PGE’s ability
15 to participate fully in the EIM. However, as explained consistently throughout this
16 testimony, and in the EIM Surrebuttal testimony, Mr. Moyer’s theories are entirely
17 unsupported by facts. Indeed, Mr. Moyer has offered numerous high-level generic
18 proposals—such as his proposals that PGE could accommodate the Blue Marmots’ output
19 through “displacement” or could otherwise use “creative solutions” to accept the Blue
20 Marmots’ generation.⁵⁹ However, when Mr. Moyer is asked to provide details or examples
21 of his proposals, he responds that he was not retained to “study” the actual implementation

⁵⁸ Blue Marmot/400, Irvin-Talbott/13.

⁵⁹ Blue Marmot/400, Moyer/7.

1 of his recommendations⁶⁰ or that it is PGE's job to figure out the specifics.⁶¹ With respect
2 to the SIS, Mr. Moyer takes his approach a step further by arguing that *PGE* should not be
3 allowed to provide the details or consequences that he omits. This approach is irresponsible
4 and must be rejected.

5 The bottom line is that PGE must rely on the PACW-to-PGE path for its
6 participation in the EIM, and the TTC on that path is very limited. There is no perfect
7 solution that would allow PGE to accept the Blue Marmots' output via the PACW-PGE
8 interface without harming PGE's customers and compromising PGE's ability to achieve
9 EIM benefits for its customers. PGE did not need to perform a study to understand these
10 hard facts, and the Company acted responsibly and in good faith when it immediately
11 contacted EDPR as soon as it understood the situation.

12 **Q. Does this conclude your Surrebuttal Testimony?**

13 A. Yes.

⁶⁰ Blue Marmot Response to PGE DR 33, attached as PGE/401.

⁶¹ Blue Marmot Response to PGE DR 28, attached as PGE/401.