

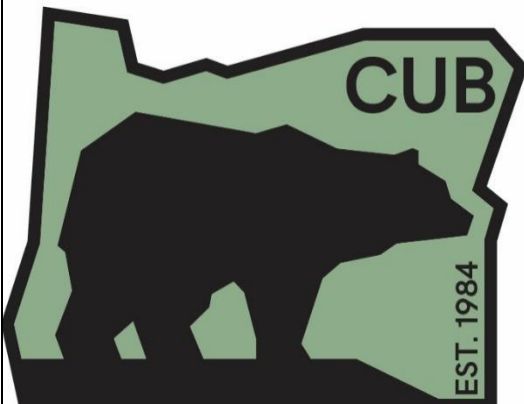
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1910, UM 1911, UM 1912

In the Matters of)
)
PACIFICORP, dba PACIFIC POWER,)
Resource Value of Solar (UM 1910))
)
IDAHO POWER COMPANY, Resource)
Value of Solar (UM 1911))
)
and)
)
PORTLAND GENERAL ELECTRIC)
COMPANY, Resource Value of Solar (UM)
1912).)
)
_____)

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

July 26, 2018



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1910, UM 1911, UM 1912

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)	

I. INTRODUCTION

Pursuant to Administrative Law Judge (“ALJ”) Moser’s July 12, 2018 Ruling, the Oregon Citizens’ Utility Board (“CUB”) hereby submits its Opening Brief in the above-captioned proceedings.

On November 27, 2017, November 29, 2017, and December 4, 2017, respectively, PacifiCorp (“PAC”), Idaho Power Company (“Idaho Power”), and Portland General Electric Company (“PGE”), collectively, the “Utilities,” submitted their initial applications in dockets UM 1910-12 as part of the ongoing Public Utility Commission of

Oregon (“Commission”) process to determine the Resource Value of Solar (“RVOS”) in the state.

In compliance with Commission Order No. 17-357, the Utilities were directed to develop initial RVOS calculations in utility-specific dockets.¹ The Utilities’ filings addressed in this Brief mark the beginning of Phase II of the RVOS proceeding, wherein the Utilities were tasked with complying with—and making refinements to—the RVOS methodology adopted by the Commission at the end of Phase I.² In Phase I, the Commission determined that only elements providing value—or attendant costs—to the utility and ratepayers would be included in the RVOS.³ These elements are “energy, generation capacity, transmission and distribution capacity, line losses, integration, administration, hedge value, market price response, environmental compliance, grid services, and Renewable Portfolio Standard (RPS) compliance.”⁴

In this Brief, CUB addresses outstanding issues regarding each of the Utilities’ RVOS filings. For administrative ease, CUB addresses each utility RVOS filing in a single Brief. CUB’s Brief is organized as follows.

First, CUB argues that administrative costs associated with the program should be borne by program participants rather than ratepayers as a whole. As programs like community solar that utilize RVOS are increasingly rolled out, administrative costs should reflect locational values associated with a given project. Second, CUB supports

¹ *In re Public Utility Commission of Oregon*, Investigation to Determine the Resource Value of Solar, OPUC Docket No. UM 1716, Order No. 17-357 at 19-20 (Sep. 15, 2017).

² Order No 17-357, *see also* UM 1910-12 – Staff/100/Andrus/4.

³ UM 1910-12 – Staff/100/Andrus/3.

⁴ UM 1910-12 – Staff/100/Andrus/3.

requests by Staff⁵ and OSEIA⁶ for PAC to provide nominal values for cost forecasts. Third, CUB requests that the Commission order parties to explore options for valuing capacity additions incrementally during resource sufficiency periods. Fourth, CUB agrees with Staff⁷ that PAC and Idaho Power must produce, as required by Order 17-357, a “system-wide average of the avoided or deferred costs of expanding, replacing, or upgrading T&D infrastructure attributable to incremental solar penetration in Oregon service areas.”⁸ To CUB, the “system-wide average” referenced in the Commission Order is the average within each utility’s given Oregon service territory. This calculation should not be based on a statewide average. Finally, CUB continues to advocate for annual updates to the RVOS model.⁹

II. ARGUMENT

A. *Administrative Costs associated with community solar should be borne by program participants.*

Consistent with traditional ratemaking principles of cost-causation, CUB contends that administrative costs associated with community solar should be borne by program participants rather than ratepayers as a whole. Further, these costs should be program specific, and therefore tied to a specific location and project. There is a strong equity component providing foundation for this argument. If all ratepayers were responsible for subsidizing the administrative costs associated with community solar, costs would be unfairly shifted onto customers who are unable to participate in the program. Moreover,

⁵ UM 1910-12 – Staff/100/Andrus/54-55.

⁶ UM 1910-12 – OSEIA/100/Beach/26.

⁷ UM 1910-12 – Staff/100/Andrus/29.

⁸ Order 17-357 at 8-9.

⁹ *See, e.g.*, UM 1910 – CUB/100/Gehrke/3.

“it has been traditionally required that all approved rates reflect to some degree the costs actually caused by the customer who must pay them.”¹⁰

As a side, CUB notes that it made errata filings in its Opening Testimony in UM 1910 and UM 1912 to remove arguments associated with administrative costs in the RVOS calculation. While those errata filings accurately reflect the record in these proceedings, CUB raises the above argument in this brief to reflect its desire to adhere to traditional ratemaking norms.

B. *All Utilities should provide RVOS values in real levelized dollars*

CUB agrees with OSEIA¹¹ and Staff that the Utilities should “report both real levelized and nominal levelized dollars to provide more insight and transparency to stakeholders.”¹² If stakeholders are to meaningfully participate in the process, it is important that values be presented in a format that allows for a universal comparison across utilities. Real values should also be reported because it removes an additional variable--inflation--leading to easier participation by stakeholders and an additional level of transparency. Utilities should be required to provide the most up-to-date numbers available. Finally, costs should be presented in values that comport with the accepted E3 methodology.

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¹⁰ *K N Energy, Inc. v. F.E.R.C.*, 968 F.2d 1295, 1300 (D.C. Cir. 1992). See also, *S. Carolina Pub. Serv. Auth v. FERC*, 762 F. 3d 41, 87 (D.C. Cir. 2014) (“the cost causation principle requires costs to be allocated to those who cause the costs to be incurred and reap the resulting benefits.”)

¹¹ UM 1910-12 – OSEIA/100/Beach/26.

¹² UM 1910-12 – Staff/100/Andrus/54-55.

C. *CUB supports OSEIA in advocating for a three to four-year inclusion of capacity in RVOS.*

CUB agrees with OSEIA’s position in testimony regarding calculating avoided generation capacity costs.¹³ Because the small, incremental solar distributed generation contemplated by RVOS can be brought on with much shorter lead times than lumpy, utility-scale solar capacity additions, these resources can more closely match the utility’s future load growth and future capacity needs.¹⁴ Smaller—rather than large and lumpy—solar investment means that ratepayers are not saddled with paying for years of excess capacity until demand “catches up” to the last major addition.¹⁵ CUB therefore asks that Staff and parties explore options for valuing capacity additions incrementally during periods of resource sufficiency. This comports with Order 17-357 where the Commission asked that “Staff and the parties [] explore options for valuing capacity additions incrementally during resource sufficiency.”¹⁶

The Commission stated that one option may be “allowing the full capacity value up to a reasonable number of years before the deficiency year (e.g., three or four years) as recognition that it takes several years to ramp up infrastructure to avoid a major resource.”¹⁷ CUB supports OSIEA in advocating for a three to four-year inclusion of the capacity from Community Solar.¹⁸ However, if the Commission would like to defer this

¹³ UM 1910-12 – OSEIA/100/Beach/6-7.

¹⁴ UM 1910-12 – OSEIA/100/Beach/7.

¹⁵ UM 1910-12 – OSEIA/100/Beach/7.

¹⁶ Order 17-357 at 7.

¹⁷ Order 17-357 at 7.

¹⁸ UM 1910-12 – OSEIA/100/Beach/6-9.

issue until a later stage in the docket, as Staff advocates for in their Testimony, CUB would support that decision.¹⁹

D. *PacifiCorp and Idaho Power should produce a system-wide average of avoided or deferred costs.*

CUB agrees with Staff²⁰ that PAC and Idaho Power need to produce, as was required by Order 17-357, a “system-wide average of the avoided or deferred costs of expanding, replacing, or upgrading T&D infrastructure attributable to incremental solar penetration in Oregon service.”²¹ PGE currently values T&D upgrade deferrals across its entire Oregon service territory. PAC and Idaho Power should do the same across their respective territories as well. OSEIA posits that although a system-wide average is the most reasonable method at this time, there should be continued emphasis on progressing toward a location specific valuation.²² CUB agrees that increased granularity in progressing toward a location-specific valuation methodology will be more important as utilities move to distribution-level resource planning. Increased distribution-level planning—rather than system wide planning—is an element of grid modernization that will very likely occur as utilities transition their systems to align with flexibility needs in the future. Currently, though, it is important that location specific numbers are avoided in establishing a baseline, as including them could shift discussion away from important issues, especially this early in the RVOS process.

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¹⁹ UM 1910-12 – Staff/300/Andrus/7.

²⁰ UM 1910-12 – Staff/100/Andrus/29.

²¹ Order 17-357 at 8.

²² UM 1910-12 – OSEIA/100/Beach/13.

E. *RVOS should be updated on an annual basis*

Finally, CUB agrees generally with Staff,²³ PGE²⁴ and PAC²⁵ in advocating for frequent updates to RVOS values. CUB believes RVOS values should be updated on an annual basis to avoid delays in capturing the benefits of Community Solar. Moreover, if these valuations were to be tied to an IRP, many solar benefits may be delayed due to the length and likelihood of delays in the IRP process. These delays would ultimately result in solar benefits that are not properly compensated for, minimizing the effectiveness of the Community Solar program.

III. CONCLUSION

For the foregoing reasons, CUB respectfully urges the Commission to address the issues identified in this Brief regarding the Utilities' RVOS applications. Specifically, CUB advocates for the following:

- Assignment of administrative costs to program participants rather than ratepayers as a whole to align with ratemaking norms of cost causation;
- Utility reporting in both real levelized and nominal levelized dollars;
- A three or four-year inclusion of capacity contribution in the RVOS model;
- Utility modeling deferred or avoided T&D costs on a system-wide basis, and;
- Annual updates to the RVOS model for each utility.

²³ Staff/100/Andrus/58-59

²⁴ PGE/100/Goodspeed/7

²⁵ PAC/100/MacNeil/5

Dated this 26th Day of July, 2018.

Respectfully submitted,



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