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Oregon Public Utility Commission UM 2011

Comments of Obsidian Renewables LLC on

Staff Capacity Value Best Practices – Updated Draft (September 30, 2021) and the

General Capacity Investigation Issues Matrix of Staff circulated for the Commissioner Workshop.

Obsidian Renewables LLC is a small local renewable energy developer with wide ranging renewable energy interests. We usually support various industry groups in the PUC dockets instead of direct involvement. UM 2011 seemed to us to be potentially very important, and we gave comments and attended workshops earlier in the process. At staff's suggestion, we provide some additional comments now.

1. **This docket is about competition and monopolies fighting to exclude it.** The purpose of this docket is to find a methodology to value capacity, so other dockets can determine what ratepayers pay independent power producers for value delivered. As best I can tell, this docket is not about what utility shareholders will be paid for delivering capacity, only what IPPs will be paid. Of course, the monopolies are fighting hard to see that competitors get an empty bag.

2. **The utilities all have substantial shortfalls coming in their capacity, based on their current generating and contracted resource mix.** There can be no question about this. Shuttering coal plants and limiting the operation of natural gas plants necessarily requires replacement generation. Substantial new capacity is going to be required in any mid-term and long term planning horizon. The Joint Utilities memo describes this status quo as: "a portfolio that becomes grossly unreliable over time as load increases, resources retire, and contracts expire." Joint Utilities Comments, October 20, 2021, at p 6.

3. **It takes years and years to bring a new generating resource on line.** Anything concerning Bonneville interconnection or transmission is five years or longer, and PacifiCorp reached a similar conclusion in its last transmission cluster study. Staff's Best Practices to determine these needs and get them published and into policy dockets is correct and necessary.

4. **The Joint Utilities position that capacity shortfall be determined as of "right now" and not into the future entirely (and deliberately) dismissed the value of capacity as delivered under the contract.** The staff recommendation that capacity shortfalls be determined today as of future years is the only sensible approach. Is it possible that the OPUC could find that the case for shareholder return is properly based on an evaluation of future need, but the case for IPP return must be based on the need today, copied as a facsimile over the many years of an IPP contract? The Joint Utilities are asking for this. From their Comments: "**Determining multiple capacity**

contribution values of the 20-year planning horizon is unreasonable." (Bold in original) Joint Utilities Comments at p. 7.

5. **The Joint Utilities position that their plans to acquire new assets in the future (at ratepayer expense) and usually for the benefit of utility shareholders, necessarily means that assets developed by independent power producers are not beneficial is a very old song.** See the staff issues matrix, Joint Utilities row: "the study [of the value of IPP capacity] must include [be reduced to reflect] the [expected capacity contributions from the] incremental resources from the IPP's preferred portfolio [which the utility shareholders are eager to finance]"

6. **The ELCC black box finds adequate capacity because it (obviously) backfills all capacity shortfalls with increased production from fossil fuel plants.** The only reason the utilities can see adequate capacity now and looking forward is the model's protocol of using the maximum capacity available from all assets serving the system. Because this docket seems determined to conclude there is little or no value from adding renewables in the next few years because we can just run the hell out of the gas plants instead, it should at least admit that.

7. **Again, because it is actually important, the ELCC model and therefore pending OPUC policy on developing new capacity is that gas is the answer today, more gas is the answer tomorrow, but we don't need to admit it.** The only way to have more renewable energy is to have more renewable energy generating assets. The way to have more fossil energy is to encourage electrification and retard the development of new renewable assets. A policy that concludes that we don't need to pay renewable energy developers for their contribution to capacity because Oregon utilities are free, free, free to simply turn up the dial on gas plants is disappointing.

As always, I appreciate your time and consideration of these thoughts.

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