

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1716

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation to Determine the Resource
Value of Solar.

ORDER

DISPOSITION: FURTHER PROCEEDINGS ORDERED

In this order, we explain the purpose and scope of this docket. We also provide direction to Commission Staff regarding next steps for this proceeding.

I. BACKGROUND

In our July 1, 2014 report to the Oregon Legislature we pledged to open this investigation to determine the resource value of solar, the extent of cost-shifting, if any, from net metering, and to evaluate the reliability and operational impacts of increasing levels of solar generation.¹

To begin this investigation, Staff recommends that we select, in this order, the elements that should be examined in determining the resource value of solar. Staff also proposes hiring an independent consultant to assess and develop methods to quantify these selected elements to determine the costs and benefits of solar generation.

Staff identified 26 elements for consideration. The following parties submitted comments: Commission Staff; The Alliance for Solar Choice (TASC); The Green Energy Institute at Lewis & Clark Law School; Idaho Power Company; Portland General Electric Company (PGE); PacifiCorp, dba Pacific Power; the Citizens' Utility Board of Oregon (CUB); Renewable Northwest jointly with Environment Oregon and Oregon Solar Energy Industries Association (OSEIA); Interstate Renewable Energy Council (IREC); NW Energy Coalition (NWEC); and Oregonians for Renewable Energy Progress (OREP). Parties commented extensively on the scope and elements to include in this proceeding.

¹ See Docket No. UM 1673 and the Initial Application in this docket.

II. DISCUSSION

A. Purpose

This is our first comprehensive study into the resource value of solar.² We started this investigation on our own motion, and our aim is to get the best available estimate or approach to developing an estimate of the resource value of solar. With the recent growth in solar development and ongoing policy discussions surrounding solar photovoltaic (PV) programs, we feel this is a good time for a comprehensive study.

We will use the value in upcoming reports to the Oregon Legislature if we have reportable results before our statutory deadlines for the reports, but we will not rush this comprehensive study.³ We prefer to obtain a proper analysis and will not mandate a specified end date for this phase. We also find that there could be many potential policy and ratemaking uses for the resource value of solar, and in this order we are not prejudging potential future uses.

B. Scope, Elements, and Process

Our goal for this proceeding is to have an in-depth review with detailed explanations and justifications of which elements are included in the resource value and why, and which methodologies are appropriate for valuing an element. We will be looking for a deep understanding of the elements that are included in the calculation and a justification for the elements that are dropped.

We decline to identify elements for inclusion at this time. However, we will only consider elements that could directly impact the cost of service to utility customers. For example, we would consider the potential financial costs to utilities of future carbon regulation. On the other hand, for example, we will not consider job impacts of solar development. Any parties proposing inclusion of any element must make this threshold determination.

To allow us the detailed review that this docket requires, we will utilize a contested case process with pre-filed testimony and an opportunity for evidentiary hearing. We envision a two-phase process. The first phase will examine elements and methodologies. The second phase will examine values for each utility using those adopted methodologies.

² Three years ago we considered, but did not decide, methods to calculate the resource value of solar for the VIR Pilot Program. *In the Matter of an Investigation into the Appropriate Calculation of Resource Value for Solar PV Systems*, Docket No. UM 1559, Order No 12-396 at 4-5 (Oct 18, 2012) (directing the utilities to report the resource value of solar using their avoided cost methodologies, and IRP modeling methodology, with an adjustment for line loss savings).

³ House Bill 2893 (2013) (amending ORS 757.365(13) to require our biannual report to the legislature on the VIR Pilot Program to include an estimate of the resource value of solar); House Bill 2941 (2015) (requiring a report to the legislature on recommendations for incentivizing solar energy, with a consideration of the resource value of solar).

We direct Staff to determine a process with these goals in mind, and to propose a schedule for the Administrative Hearings Division to consider in a prehearing conference.

With regard to the proposed use of a consultant, we will let Staff determine how best to use a consultant to identify elements and develop methodologies to value the elements. Given the evidentiary based process we have adopted for this proceeding, Staff may choose to use the consultant to assist Staff in the development of an initial proposal to provide a framework for the parties to address through testimony. Nonetheless, we will let Staff manage the consultant and the consultant process, as we do not see a proper role for us.

III. ORDER

IT IS ORDERED that a prehearing conference be held to adopt a schedule for a contested case process for this proceeding.

SEP 28 2015

Made, entered, and effective _____.



Susan K. Ackerman
Chair





John Savage
Commissioner



Stephen M. Bloom
Commissioner