

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1734

In the Matter of)
)
PACIFICORP, dba PACIFIC POWER's)
Application to Reduce the Qualifying Facility)
Contract Term and Lower the Qualifying)
Facility Standard Contract Eligibility Cap)
)
_____)

**CROSS ANSWERING TESTIMONY OF
JOHN R. LOWE
ON BEHALF OF THE
RENEWABLE ENERGY COALITION**

November 13, 2015

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 **A.** My name is John R. Lowe. I am the director of the Renewable Energy Coalition
4 (the “Coalition”). My business address is 12050 SW Tremont Street, Portland,
5 Oregon 97225.

6 **Q. Are you the same John Lowe who previously submitted testimony in this**
7 **proceeding?**

8 **A.** Yes. My position and job responsibilities have not changed.

9 **Q. Please summarize your cross response testimony.**

10 **A.** The Coalition’s positions have not changed. This testimony directly responds to a
11 limited aspect of the testimony of the Oregon Public Utility Commission (the
12 “Commission”) Staff witness Brittany Andrus. The Coalition largely agrees with
13 most (but not all) the testimony of the other intervenors, and the Coalition will
14 make its final recommendations and supporting arguments in legal briefs. For
15 example, the Coalition supports twenty year fixed price contracts, and the
16 Coalition’s legal briefing will address why this is required under Oregon law.
17 The Coalition’s silence on any issue, however, should not be construed as
18 supporting any specific testimony, including that of the Commission Staff.

19 **II. RESPONSE TO STAFF**

20

21 **Q. Please summarize Ms. Andrus’s testimony.**

22 **A.** Ms. Andrus recommends that the Commission reject PacifiCorp’s proposal to
23 lower the contract term to three years from twenty years (with fifteen years of
24 fixed prices). In contrast, Ms. Andrus recommends lowering the size threshold
25 for wind and solar QFs to two to four megawatts (“MWs”).

1 **Q. Do you have any comments on Ms. Andrus's testimony on contract terms?**

2 **A.** Yes. I agree with many (but not all) of Ms. Andrus's reasoning and rationales for
3 not lowering the contract term. One explanation Ms. Andrus provides is that
4 lowering the contract term would result in QFs no longer being paid anything for
5 capacity, because the resource sufficiency period would be longer than the
6 contract term.

7 This is a point the Coalition has been making, and notes that, under the
8 utilities' integrated resource plans, this may occur even if contract terms are
9 fifteen years. For example, PacifiCorp's next renewable resource acquisition in
10 its current proposed integrated resource plan is longer than fifteen years, and the
11 next baseload resource is almost fifteen years out (2028). The Coalition believes
12 that it is both poor policy, inconsistent with the utilities actual capacity additions
13 during the sufficiency period, and illegal for the Commission to set avoided cost
14 rates that do not include capacity payments.

15 **Q. How should the Commission address this problem?**

16 **A.** The Commission should ensure that existing QFs that renew their contracts are
17 paid for capacity during the sufficiency period. This is consistent with how the
18 utilities plan on existing QFs renewing their contracts, and is similar to how the
19 Idaho Public Utilities Commission approaches this issue. Coalition/100,
20 Lowe/17-19.

21 **Q. Do you have any comments on Ms. Andrus's testimony on size thresholds for**
22 **wind and solar QFs?**

23 **A.** Yes, I would like to specifically respond to two of Ms. Andrus's justifications
24 (which does not mean the Coalition agrees with her other reasons to lower the size

1 threshold). First, Ms. Andrus supports her recommendation to lower the size
2 threshold for wind and solar entirely with references only to solar projects and
3 claims that solar developers no longer need the ten MW size threshold. The
4 Coalition believes that, if the Commission is going to lower the size threshold,
5 then it should be narrowly tailored to the alleged problems. There has been no
6 evidence that any projects other than solar are causing difficulties. For example,
7 no PacifiCorp wind QF projects have been built in Oregon since 2009.

8 Second and more importantly, there is a failure to recognize the practical
9 impact of lowering the size threshold for any projects. Requiring projects to use
10 the Commission negotiation process does not move large projects toward
11 negotiated contracts as Ms. Andrus suggests. The size threshold in Oregon is not
12 a demarcation between negotiated contracts and standard contracts, but between a
13 contract and **no** contract.

14 It is nearly impossible for a large QF that is not already operating to
15 negotiate a contract with PacifiCorp in Oregon. This will become even more
16 difficult if the Commission approves Staff and PacifiCorp's recommendation to
17 use the company's complex, controversial, and "black-box" computer model to
18 set avoided cost rates.

19 Ms. Andrus notes that there are two QFs above the size threshold
20 operating in Oregon. Staff/100, Andrus/21-22. Both of these are biomass
21 projects that have been operating for years, and their electric generation is related
22 to other business operations. These facilities would not likely be able to be

1 economic solely based on their power sales, and certainly not under PacifiCorp's
2 latest proposals.

3 In contrast, there have been thirteen new QFs that have been constructed
4 and selling power to PacifiCorp in Oregon since 2010 under the size threshold
5 thus allowing the use and application of published prices and standard contract
6 form. These are mostly small projects with less than 35 MWs of total capacity.
7 In addition, there was a larger amount of QF development in the end of the last
8 decade, with sixteen projects totaling around 95 MWs of capacity¹ from 2007 to
9 the end of 2009. Ten of these were above five MWs, with a few in the 9 to 10
10 MW range. This does not include the many projects that signed contracts, but
11 were unable to be constructed for one reason or another. It also should be noted
12 that these projects were able to be constructed during a period of much higher
13 avoided cost rates, and before the Commission adopted a wind integration charge
14 and reduced capacity payments for intermittent resources based on lower capacity
15 contributions.

16 These numbers demonstrate that it has been possible to develop projects,
17 including mid-sized facilities, under the size threshold. Around 130 MWs of
18 nameplate capacity over nearly a decade is at least a modest success. However,
19 these numbers show that there have been **no** new projects over the size threshold,
20 which demonstrates that the size threshold is a cap on the opportunity for new
21 projects to be developed in Oregon. Therefore, the Commission should be aware
22 that the likely impact of lowering the size threshold is that very few, if any,

¹ This is nameplate capacity. Actual output for many of these projects is much lower because most of the nameplate capacity for these QFs are wind generation.

1 projects will be able to be constructed over the size threshold for standard

2 published prices.

3 **III. CONCLUSION**

4 **Q. Does this conclude your testimony?**

5 **A. Yes**