APPENDIX 1

Clark.

EXAMINATION

BY MS. HAYES:

Q. Good morning, Dr. Abdulle. In your direct testimony at line 58--

A. Page?

Q. I don't know.

A. I got it.

Q. Oh, thank you. You say, "The Division believes that with the exception of some simplifications that are already in place, all QFs should be treated equally and their avoided costs should be calculated the same way regardless of their sizes." Could you tell me what are those simplifications already in place?

A. Indifferent here in the Schedule 37 from Schedule 38 given the fact that Schedule 37 customers are small. Those simplifications are outward silent to remove the burden and say from Schedule 37 customers.

Q. So would you agree that the size of the resource modeled in the grid run is one of those simplifications?

A. That's the differentiation between two schedules is the time.

Q. And also that the supply curve of the resource model and grid?

A. I'm not sure what you mean.

Q. I'll make it clearer. I'm sorry. I'll get to that. Can I lead you to your rebuttal testimony at line 42? You say capacity payments during the sufficiency period when an FOT is displaced, which includes a capacity payment, would overcompensate the QF contrary to the ratepayer indifferent standard; is that correct?

A. Correct.

Q. I would like to ask you some questions about how energy payments in the resource sufficiency period are calculated under Schedule 37 and 38 and how they're different.

A. Yeah.

Q. So under Schedule 38, avoided energy costs in the sufficiency period are calculated on differential grid runs and the QF resource is modeled with the supply curve based on its actual supply characteristics; is that correct?

A. I'm not sure what that's asking, but the way I understand it and the intent I had about this statement is the fact that when running the grid, when the QF is grazing the front of

transaction, that--the grid model captures the whole avoided cost because it included the capacity costs that were there. So adding it again would overcompensate the--

Q. Sure. But I just want to ask you some questions about how Schedule 37 and Schedule 38 differ. So in Schedule 38, the proxy resource, if you will--although I may be conflating my methods--but was it the resource modeled for it to calculate energy payments in the sufficiency period is based on the QFs that has approached the company? So, for example, if I'm a solar QF developer and I'm approaching Rocky Mountain Power for a Schedule 38 contract, in order to figure out avoided cost energy prices in the sufficiency period, the Company will model a grid run with the supply curve of--that corresponds with the type of resource I'm proposing, size and supply curve; is that correct?

A. Correct.

Q. And, as you were saying, the Commission found that to the extent the QF supply curve displaces front office transactions in that grid run, the avoided costs compensate for avoided capacity costs as a component of the avoided front

office transactions; is that correct?
A. Correct.
Q. So under Schedule 37, energy costs in the sufficiency period are based on the addition of a zero cost ten average megawatt resource; is that correct?
A. Correct.
Q. And that resource is added as a flat decrement to load, correct?
A. Correct.
Q. So the energy price based on this flat decrement to load is an average energy price that does not take into consideration the supply characteristics of unique QF resources or the resources that an actual QF would displace; is that correct?
A. It does not include the unique characteristics of the QF.
Q. So it's possible, isn't it, that the Schedule 37 energy price does not offset summertime front office transaction capacity to the same extent that a solar QF's actual supply curve would offset summertime front office transaction capacity; is that correct?
A. I don't agree with that. When you spread

your front office transactions because of the size of the qualifying facility that's offsetting, the grid model will calculate what avoided cost would be or should be. And that's the number that would be--the number we would use in avoided cost. And that includes capacity costs of the facility.

Q. But do you agree that an actual solar supply curve may displace more front office transactions than a flat decrement to load?

A. A comparison between flat decrement load and a solar?

Q. Supply curve would--produces most of its energy in the summertime?

A. Yes.

Q. So a QF that produces most of its energy in, for example, third quarter heavy load hours would not get compensated or would displace more front office transactions than a ten megawatt flat load decrement? I think that's what I just asked, sorry.

And so to the extent that an actual solar QF produces most of its energy in those high--those heavy load hours, it does not get compensated to the same extent under Schedule 37 as an actual solar supply curve would get

compensated under Schedule 38; is that correct?

A. There are so many different small QFs that are out there, solar, wind, whatever you call it, and each one if they go on we use the specific characteristics of those things and they negotiate prices Schedule 38 would be, that would put a lot of burden to these small QFs.

So these changes, these differences we're talking about now, are the reasoning--are the difference between the two. And those--that specific QF, small QF, would be different than the other one. And different than the other one. They are all different. So that's why we're choosing the price to avoid all those problems.

Q. Right. So would you agree that by simplifying the method, Schedule 37 QFs are not compensated in the same way or to the same extent, for example, under Schedule 38, which models the actual supply curve?

A. Yes.

Q. So if simplifications to Schedule 37 prices have the affect of artificially reducing 37 prices compared to Schedule 38 prices, do Schedule 37 prices discriminate against small QFs relative to large QFs?

A. I don't think so. The simplifications are cost saving for these small QFs, not cost burden on them. So they're not going to be undercompensated based on these calculations that are put there in the grid model and the calculations for avoided costs. I don't think that they are under.

Q. Even though they're compensated less for, for example, their energy and capacity based on the way energy prices are calculated?

A. The fact that we are posing a price that would be applicable to all small QFs, it's not--that price as we're quoting may not be the same if we have to calculate each one of them individually.

Q. Hasn't--oh--

A. Go ahead.

Q. Go ahead. Sorry, I didn't mean to cut you off.

A. I'm finished.

MS. HAYES: Okay. I have no further questions. Thank you.

THE HEARING OFFICER: Mr. Dodge?

MR. DODGE: Thank you.

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