

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
PacifiCorp for Approval of an IRP)
Based Avoided Cost Methodology)
For QF Projects Larger than 3 MW)

Docket No. 03-035-14

**Surrebuttal Testimony of
Abdinasir M. Abdulle
Division of Public Utilities**

September 19, 2005

1 **Q. Are you the same Abdinasir Abdulle that filed direct testimony in this case?**

2 A. Yes, I am.

3 **Q. What is the purpose of your surrebuttal testimony?**

4 A. The purpose of surrebuttal testimony is to address the Division's concern
5 regarding Phil Hayet's proposed method for determining the capacity payment for
6 wind resources.

7 **Q. What is your concern regarding Mr. Hayet's proposed method for
8 determining the capacity payment for wind resources?**

9 A. In his rebuttal testimony, Mr. Hayet recommended that those wind QF resources
10 that that help PacifiCorp acquire up to the amount of wind capacity specified in
11 PacifiCorp's IRP 2004 be paid "an amount equal to the lesser of the levelized
12 energy cost assumed in the IRP, and the levelized energy cost from the first
13 winning bidder in the Company's most recent bid solicitation."

14
15 Though this recommendation could be considered as a good starting point in the
16 short-run, it does not provide a complete method to address the issue of capacity
17 payments for wind resources. A complete method should able to determine what
18 the capacity payments should be a given wind project and should that be adjusted
19 for new wind with characteristics that deviate from the previous one.

20

21 **Q. Why do you say the method suggested by Mr. Heyat is incomplete?**

22 A. I agree with Mr. Hayet that this method provides the lowest cost for which the
23 Company could get wind energy. However, for wind QFs that have
24 characteristics that deviate from that on which the price was benchmarked, than
25 the price has to be linearly adjusted up or down depending on whether the new
26 project provides better or worse value. Mr. Hayet's proposed method does not
27 include how these adjustments should be made nor does it specify the adjustment
28 factors. Adopting this method will only result in that we come back before the
29 Commission as soon as the first wind QF project is proposed to resolve
30 adjustment issues.

31 **Q. What is the problem with coming back to the Commission to resolve**
32 **adjustment issues?**

33 A. Aside from some minor differences, I think most of the parties have a good idea
34 as to what these factors should be. However, the issue is availability of data. As I
35 explained in my direct testimony, there is not enough data on any of the
36 adjustment factors to even contemplate making any reasonable adjustment.
37 Coming back to the Commission to resolve an issue for which there is no data to
38 objectively resolve the issue is just a futile exercise and wastes everybody's
39 scarce resources. It is my preference that we find a method that could be used as
40 a reasonable and objective starting point until we collect the data necessary to
41 make appropriate adjustments.

42 **Q. What is the Division's position regarding capacity payments for wind QF?**

43 A. The Division's position is as specified in my direct testimony. This method
44 allows appropriate data to be collected and is based on the principle of
45 gradualism.

46 **Q. Does this conclude your surrebuttal testimony?**

47 A. Yes, it does.