BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases From Qualifying Facilities	))))	 Docket No. 17-035-T07 Docket No. 17-035-37
In the Matter of Rocky Mountain Power's 2017 Avoided Cost Input Changes Quarterly Compliance Filing	)))	 DPU EXHIBIT 1.0 Rebuttal

Rebuttal Testimony of

Abdinasir M. Abdulle, Ph.D.

Division of Public Utilities

October 31, 2017

Q. Please state your name, business address, and employment for the record.

A. My name is Dr. Abdinasir M. Abdulle. My business address is 160 E. 300 South, Salt Lake City, Utah 84114; I am employed by the Utah Division of Public Utilities (Division or DPU).

Q. Are you the same Dr. Abdinasir M Abdulle who previously provided direct testimony in this case on behalf of the Division of Public Utilities?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to some issues discussed in direct testimonies of Ken Dragoon and Kate Bowman of Utah Clean Energy (UCE), and Neal Townsend and John Lowe of Renewable Energy Coalition (Coalition). My silence about any issue discussed by any witness in this proceeding should not be construed as acceptance or rejection on my part.

Q. Regarding Mr. Dragoon's direct testimony, what issues are you going to address?

A. I will address Mr. Dragoon's proposal for the Commission to reject the Company's proposal of basing avoided cost prices on the displacement of a renewable resource of the same type. I will also address Mr. Dragoon's proposed alternative avoided cost calculation.

Q. Please comment on Mr. Dragoon's position about the deferrable resource and avoided cost calculation.

A. As some other witnesses in this proceeding, Mr. Dragoon rejects the Company's proposal that a renewable QF will first defer or avoid a renewable resource of the same type in the IRP preferred portfolio. On pages 3 to 4, lines 45 to 48, Mr. Dragoon stated,

> … I recommend that the Commission not accept PacifiCorp's proposal to determine avoided costs based on deferring only resources of similar technologies in the IRP preferred portfolio.

Mr. Dragoon discussed the implications of the Company's proposal, which included the creation of multiple sufficiency/deficiency periods and delayed capacity recognition for those QFs that appear in the IRP at later dates. Based on this discussion, he concluded that the Company's proposal will result in unjust and unreasonable avoided cost rates and discriminate against QFs of all resource types and should be rejected.

Mr. Dragoon proposes a method for calculating avoided costs when the IRP calls for diverse resources. During the deficiency period, this method involves using the normal Proxy/PDDRR method (where the proxy resource was a thermal resource) or setting an avoided cost floor (for those years in which the IRP calls for a renewable resource) based on the cost of the renewable resource in the IRP and adjusting this floor as necessary for its difference with the QF resource.

In the August 16, 2013 order in Docket No. 12-035-100, the Commission approved the requirement that renewable QFs displace renewable resources of the same kind in the IRP preferred portfolio:

> When PacifiCorp's IRP planned resources include a cost-effective renewable resource of the same type as the QF, avoided cost

> capacity payments under Schedule 38 shall be based on the capital costs of the next deferrable resource of the same type in PacifiCorp's IRP planned resources.

Hence, The PDDRR method is currently based on the displacement of like renewable resources in the IRP by the renewable QFs. Furthermore, as was indicated in my direct testimony, because the QF capacity is equivalent to the capacity of the IRP renewable resource that it is replacing, the consumer indifference standard is preserved and no adjustments are required. Therefore, the Division supports the Company's proposal as reasonable.

However, though the Division has not done so, if it is possible to make appropriate capacity equivalence adjustments, it is theoretically possible to let renewable QFs defer or avoid a cost-effective renewable resource of a different kind in the IRP without adversely affecting the customer indifference standard.

Regarding Mr. Dragoon's alternative avoided cost calculations, because Mr. Dragoon presented no numerical calculations in relation to his proposed alternative method, the Division is unable to determine whether or not the proposed method would yield a reasonable avoided cost and therefore would preserve the consumer indifference standard.

Q. Are there other witnesses that took issue on the like-for-like restriction?

A. Yes. For example, Mr. Neal Townsend and Mr. John Lowe both reject the notion that avoided cost prices of renewable QFs should be limited to the deferment of renewable resources in the IRP that are of the same kind as the QF. Instead they propose that all renewable QFs should be allowed to receive renewable avoided cost rates based on displacing the next planned renewable resource regardless of type. They further propose that the resulting avoided costs be appropriately adjusted for capacity equivalence.

Q. What is the Division's response to these witnesses?

A. Please refer to my above response on this issue.

Q. Both Mr. Townsend and Mr. Lowe of the Coalition testify that, for all QFs regardless of size, the 2021 Wyoming wind resource should be the appropriate proxy for calculating avoided costs. Would you comment on this?

A. As I understand it, the basis of this proposal is the notion that avoided cost prices should be based on the next deferrable renewable resource. The renewable resource that appears first in the Company's 2017 IRP is the 1,100 MW of new wind resource to be added prior to or by December 31, 2020.

The Division reviewed the arguments that these witnesses made that led them to their conclusions. The Division is not convinced that these arguments are very well established to conclude that this resource is deferrable. The Wyoming wind would be deferrable if it were demonstrated that the Company would incrementally reduce the size of its Wyoming projects as new QF-related power comes on line. The Wyoming wind projects are the subject of Docket Nos. 17-035-23 and 17-035-40. The Commission has neither acknowledged nor approved the projects or the IRP analysis supporting them. It may be premature to include them in avoided cost calculations.

Q. Mr. Townsend and Mr. Lowe proposed that all renewable QFs should be credited with avoided transmission costs. Would comment on this?

A. Yes. Mr. Townsend asserts that Schedules 37 and 38 renewable QFs should be credited with (the equivalent of) avoided transmission costs given the linkage between development of the 2021 Wyoming wind resource and the addition of the related new Wyoming transmission capacity. Similarly, Mr. Lowe indicated that full avoided costs should include avoided transmission costs if the QF avoids transmission costs.

This proposal is based on the assumption that the 2021 Wyoming wind is deferred.[1] Hence, it depends on the Commission's ruling about this issue. If the Commission concludes that the 2021 Wyoming wind is deferrable, then the Division agrees with Mr. Townsend and Mr. Lowe that the QFs should be provided avoided transmission costs. However, if the Commission concludes the opposite, then there is no avoided transmission cost associated with the Wyoming projects to be offered. Other avoided transmission costs should be handled on a case-by-case basis.

Q. Ms. Kate Bowman proposes avoided line losses for the small QFs that are developed on the distribution system. Please comment on this.

A. The Division agrees with Ms. Bowman's proposal. If a small QF is built within the distribution system, then presumably it is not using the transmission system and there will be no transmission loss associated with the delivery of its output to the load. Therefore, they should be credited with appropriate transmission line losses. This has been the practice with large QFs where a calculation for avoided line losses are made, if applicable.

[1] This assumes the 2021 Wyoming wind is acknowledged in the IRP or other dockets, as noted above. As yet, no approved or acknowledged analysis exists with 2021 Wyoming wind as the next deferrable resource.

Q. Mr. Lowe proposes that all renewable QFs be given the option to choose between being paid renewable avoided cost or non-renewable avoided cost. Please comment on this.

A. In his direct testimony, Mr. Lowe proposes that

> Regardless of whether the current Grid/Proxy approach or a Proxy/PDDRR methodology is used, a renewable QF under Schedule 37 and 38 should have the option of being paid based on either a renewable avoided cost rate or a non-renewable avoided cost rates.

The Division disagrees with this proposal. Avoided cost is that cost of electric energy or capacity or both, which but for the purchase from the QF, such utility would generate itself or purchase from another source. The avoided cost associated with the development of a QF will depend on the resource that the QF helps defer or avoid. You cannot say, I will calculate based on the deferment of a thermal resource on one hand and the deferment of renewable resource on the other hand and will choose whichever provides higher benefits for the QF Developer as Mr. Lowe explains. This would be contrary to the ratepayer indifference standard. There should be no gaming in the calculation of avoided costs. Therefore, the Division recommends the Commission to reject this proposal.

Q. Does this conclude your direct testimony?

A. Yes.