

Sophie Hayes (12546)  
Utah Clean Energy  
1014 2<sup>nd</sup> Ave.  
Salt Lake City, UT 84103  
801-363-4046  
Attorney for Utah Clean Energy

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<b>In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities</b>	<b>DOCKET NO. 17-035-T07</b>
<b>In the Matter of Rocky Mountain Power's 2017 Avoided Cost Input Changes Quarterly Compliance Filing</b>	<b>DOCKET NO. 17-035-37</b>

Rebuttal Testimony of Ken Dragoon  
on behalf of  
Utah Clean Energy

October 31, 2017

RESPECTFULLY SUBMITTED,  
Utah Clean Energy

s/Sophie Hayes  
Sophie Hayes  
Counsel for Utah Clean Energy

1 **INTRODUCTION**

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

3 A: My name is Ken Dragoon. My business address is 3519 NE 15th Avenue,  
4 #227, Portland, Oregon 97212.

5 **Q: Are you the same Ken Dragoon who filed direct testimony on behalf of Utah  
6 Clean Energy in this matter on April 28, 2015?**

7 A: Yes.

8

9 **RESPONSE TO DIRECT TESTIMONY**

10 **Q: Please summarize the issues you will address in your rebuttal testimony.**

11 A: This testimony addresses statements made in the direct testimony of  
12 Abdinasir Abdulle, Division of Public Utilities (Division); John Lowe, REC; and  
13 Neal Townsend, REC, regarding Rocky Mountain Power's (Company) proposed  
14 "like versus like" methodology for setting QF avoided costs based on deferrable  
15 renewable resources. Specifically, it addresses the Division's assertion that the  
16 Company's proposed methodology preserves the customer indifference standard;  
17 Mr. Lowe's recommendation that QFs receive an option to displace renewable or  
18 non-renewable proxy resources; and Mr. Townsend's proposed methodology to  
19 allow a QF to reasonably defer a dissimilar renewable resource.

20

21 **Q: Do you agree with the Division [at 137] that allowing renewable QFs to defer  
22 only renewable resources with similar characteristics preserves the customer  
23 indifference standard?**

24 A: While it is clear that allowing a renewable QF to defer a QF of similar  
25 operating characteristics would be consistent with the customer indifference  
26 standard, it misses the point. Excluding renewable resources with different  
27 operating characteristics from deferring one another potentially prohibits those  
28 resources from receiving avoided cost rates that are also consistent with the  
29 customer indifference standard. The Commission rightly determined that  
30 renewable QFs should have the opportunity to defer other portfolio resources than  
31 thermal resources, and there is no compelling reason to exclude renewable QFs  
32 from the opportunity to defer renewable resources of a different type. What's  
33 more, it may deprive Utah ratepayers of the opportunity to benefit from local  
34 renewable resources.

35

36 **Q. Do you agree with the Division's characterization of the Company's position**  
37 **on resource deferral [at 127-132]?**

38 A: According to my understanding of the Division's characterization of the  
39 Company's proposal, renewable QFs will defer the next thermal resource if there  
40 are no renewables in the preferred portfolio or can be "allowed" to defer the next  
41 cost-effective renewable resource of the same kind. As stated above, I disagree  
42 with the contention that the QF and deferred renewable resource need to be of the  
43 same kind, but just as importantly, the word "allow" should mean at the option of  
44 the QF.

45

46 **Q: Do you agree with Mr. Lowe [at 268 et seq.] that the Commission should**  
47 **allow QFs to choose between renewable and non-renewable avoided cost**  
48 **rates?**

49 A: Yes. As pointed out in my direct testimony, the cost of renewable  
50 resources in the least-cost portfolio could be well below avoided costs and  
51 therefore QFs should not be compelled to take those rates.

52  
53 **Q. Is that position consistent with your direct testimony on this topic?**

54 A. I argued in my direct testimony that portfolio least-cost renewable  
55 resources could establish a floor for avoided costs, but I agree that allowing QFs  
56 to choose between a renewable and a non-renewable rate is perhaps a more  
57 durable solution, especially if, as Mr. Lowe proposes, the QF give up renewable  
58 energy certificates (RECs) in exchange for receiving the renewable-based prices.  
59 This will provide QFs with fair avoided cost pricing that accounts for the value of  
60 RECs, which may become important in the future if the need for and value of  
61 RECs becomes more significant.

62  
63 **Q. Do you agree with Mr. Townsend's assessment of the differences between**  
64 **renewable resources of different types [at 236-272]?**

65 A. Mr. Townsend describes an analysis that assumes deferral of dissimilar  
66 resources on a capacity basis and finds the same seemingly incongruous results  
67 (very high "capacity" payments and potentially negative energy payments) cited  
68 by the Company. However, Mr. Townsend argues that when capacity and energy

69 payments are blended to create a final QF avoided cost price, the net result is  
70 reasonable. I think there may be simpler solutions, but Mr. Townsend's example  
71 highlights the fact that the presence of renewable resources in the preferred  
72 portfolio creates a new dynamic to the avoided cost calculation, and that resources  
73 with different characteristics need not be a barrier to setting avoided costs.  
74 Implementation of the Commission's ruling that renewable resources can defer  
75 renewable resources deserves more thought and discussion than it has received to  
76 date.

77

78 **CONCLUSION**

79 **Q: Please summarize your rebuttal conclusions.**

80 A: It is important that renewable QFs be allowed to choose between avoided  
81 cost rates that are based on either a conventional avoided cost methodology or on  
82 deferring a portfolio renewable resource.

83 Renewable resources need not, and should not, be limited to deferring  
84 only portfolio renewable resources with similar operating characteristics.

85 The Company has proposed a significant departure from the avoided cost  
86 methodology in their application of the renewable resource deferral methodology.  
87 There are reasonably simple means of comparing renewable resources of different  
88 types and further exploration of these methodologies is necessary.

89 **Q: Does that conclude your testimony?**

90 A: Yes.