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APPLICATION OF EL PASO ELECTRIC COMPANY TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR AN ADDITIONAL GENERATING UNIT AT THE NEWMAN GENERATING STATION IN EL PASO COUNTY AND THE CITY OF EL PASO	§	**BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS**

REBUTTAL TESTIMONY

OF

WAYNE OLIVER

FOR

EL PASO ELECTRIC COMPANY

MAY 2020

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I. Introduction

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Wayne J. Oliver. My business address is 26 Shipway Place, Charlestown, Massachusetts 02129.

Q. ARE YOU THE SAME WAYNE J. OLIVER WHO PREVIOUSLY FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

II. Purpose of Rebuttal Testimony

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. The purpose of my rebuttal testimony is to respond to two points raised by City of El Paso witness Scott Norwood's direct testimony in this proceeding. Mr. Norwood questions the capacity value that El Paso Electric Company ("EPE") assigns to new solar resources and also recommends a delay of an indeterminate time until the effects of the Covid-19 pandemic on demand are better grasped. These are the two topics I address in my rebuttal testimony, each from an industry perspective.

III. Capacity Value of Solar Resources

Q. MR. NORWOOD EXPRESSES CONCERN THAT EPE ASSIGNED TO NEW SOLAR PPAS A CAPACITY VALUE OF 25% OF THE NAMEPLATE CAPACITY RATING, WHEN HE SAYS A HIGHER VALUE, POSSIBLY ABOVE 70%, MAY BE WARRANTED. (PAGES 17-18) IS ASSIGNING THAT 25% VALUE CONSISTENT WITH WHAT YOU HAVE SEEN IN THE ELECTRIC UTILITY INDUSTRY?

A. Based on my assessment of the capacity value for solar used by utilities today, it appears to me that EPE's value of 25% is much closer to the norm than the over 70% identified by Mr. Norwood. The trend in the industry appears to be significant declines in the capacity value of solar photo voltaic ("PV") resources based on revisions in the methodology used to calculate capacity value, and studies which have been showing that as more intermittent

resources are added to a power system, the incremental capacity value of solar will decrease significantly.

The California Public Utilities Commission ("CPUC") has been addressing this issue as part of its Resource Adequacy studies and proceedings as well as its Integrated Resource Plan proceeding. In its June 20, 2019, Ruling in Rulemaking16-02-007 ("CPUC Ruling"),[1] the CPUC stated that market participants had seen a tightening in the bilateral resource adequacy market, and Commission Staff had seen a decline in the robustness of competitive solicitations for Resource Adequacy Capacity. One contributing factor discussed in the CPUC Ruling was the decline in the resource adequacy of solar, as attributed by the CPUC's use of the effective load carrying capability ("ELCC") methodology. The CPUC Ruling referred to findings in a related proceeding that "the overall solar ELCC values have declined since" 2017.[2]

The CPUC Ruling goes on to note on page eight that

> The proposed ELCC factors would reduce the August value for solar PV and solar thermal from 41% to 29%, and would reduce the August value for wind from 26% to 21%. The proposed ELCC factors would reduce the September solar value from 33.4% to 14% and the wind values from 26.5% to 15%. These declining values will impact the overall supply available to LSEs to count toward their resource adequacy requirements.

The CPUC Ruling at page 14 also discusses further revisions to the ELCC values for 2020 and 2021:

> An additional approximately 1,900 MW of solar and 300 MW of wind are planned to come on during 2020 and 2021. However, assuming the new ELCC counting conventions are adopted by the Commission, this would increase available system resource adequacy during the peak period by only about 300 MW. Even an additional 5,000 MW of renewables would only increase available system resource adequacy during the peak period by approximately 750 MW.

Similarly, several utilities in the west have low solar capacity values that are comparable to EPE's value. PacifiCorp conducted a Capacity Contribution Study as part

[1] Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements, Rulemaking 16-02-007, June 20, 2019. Available at http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M302/K942/302942332.PDF

[2] See footnote 8 of the June 20, 2019 Ruling, which refers to http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M294/K810/294810123.PDF; see page 49 of that document for the decline in solar ELCC values since 2017.

of its 2019 Integrated Resource Plan ("IRP"). In its 2017 IRP, PacifiCorp calculated peak capacity contribution values for wind and solar resources using the capacity factor approximation method ("CF method") as outlined in a 2012 report produced by NREL. For the 2019 IRP, PacifiCorp used a more data intensive method that is comparable to the Equivalent Conventional Power method ("ECP method").[3] In these cases, capacity contribution values reflect the expected availability of resources when the risk of loss of load events is highest. The IRP document illustrates that 2017 annual capacity values for solar throughout the PacifiCorp system (Idaho, Oregon, Utah, Washington, and Wyoming) were 60% or higher. In contrast, for the 2019 IRP, solar capacity values for the summer range from 20% to 36%. Based on IRP filings by other utilities, it appears that NV Energy's ELCC value for solar for 2020 is 33%; Puget Sound Energy's ELCC value for solar ranges from 10% to 18%, and Portland General is at 20%.

Accordingly, I disagree with Mr. Norwood's arguments questioning EPE's use of 25% for solar resources.

IV. Wait & See Approach

Q. MR. NORWOOD ARGUES THAT DELAYING THE DECISION TO CONSTRUCT NEWMAN 6 FOR SEVERAL YEARS WOULD ALLOW THE COMPANY TO BETTER ASSESS IMPACTS OF COVID-19. (PAGE 5) BASED ON WHAT YOU HAVE SEEN IN THE INDUSTRY, ARE ELECTRIC UTILITIES DELAYING OR CANCELLING POWER GENERATION PROJECT PLANNING AND PROCUREMENT UNTIL THE EFFECTS OF COVID-19 CAN BE BETTER ASSESSED?

A. I am actively involved as Independent Evaluator in a number of power procurement solicitation processes throughout the United States. I have not seen any cancellations or delays in power procurement and power generation project planning processes at this point.

[3] PacifiCorp's 2019 Integrated Resource Plan is available at the following website: https://www.pacificorp.com/energy/integrated-resource-plan.html

V. Conclusion

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.