

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of) DOCKET NO. 03-035-14
PacifiCorp for Approval of an IRP-based)
Avoided Cost Methodology for QF)
Projects Larger than One Megawatt) Request for Clarification and Petition for
) Reconsideration of Order

Filed November 30, 2005

Wasatch Wind requests clarification of the Commission's October 31, 2005 Report and Order in this docket and petitions for reconsideration of certain decisions made. Wasatch Wind would like the Commission to clarify its decision regarding integration costs and the option granted QF developers to buy back green tags. Wasatch Wind requests reconsideration of the Commission's decision to defer to a working group for recommendations on methods for making adjustments to indicative pricing for QF wind resources.

Integration costs are discussed in Discussion, Findings and Conclusion, Section D, subsection 3 starting on page 23 and ending on page 24. The Commission concludes that integration costs of \$3.00 per MWH are to be imposed on QF wind projects. The Commission selected the market price proxy as the method for determining QF indicative pricing up to the IRP selected 1400 MWs of wind resources. This market price proxy implicitly includes integration costs into the calculation of the contractual price, thus integration costs have already been deducted from the price paid to the non-QF wind resource. To deduct integration costs again from a QF wind resource would be double counting. Wasatch Wind requests that

the Commission clarify that only QF wind projects that receive pricing under the Partial Displacement Differential Revenue Requirement method will be required to pay integration costs.

Wasatch Wind also requests clarification of the green tags issue associated with renewable energy production. The Commission ruled that if the market proxy contract includes the purchase of green tags then the QF developer is granted the opportunity to purchase the tags from the Company at \$5.00 per MWH for five years. Wasatch Wind's understands that this represents the outright purchase of the tags over the life of the contract. The \$5.00 per MWH over five years represents the same present value as the Company's IRP estimate of \$2.00 per MWH over the twenty year life of the wind resource. Wasatch Wind would like clarification on whether the QF wind facility can have the option of either purchasing the green tags for \$5.00 per MWH for the first five years or pay \$2.00 Per MWH over the twenty life of the contract. Wasatch Wind argues that the QF developer should have the option to choose either payment stream as both will leave the ratepayer indifferent.

Wasatch Wind requests reconsideration of the method used to account for differences in wind profiles between a QF wind resources and the market proxy. The Commission did not explicitly rule on a method but deferred this issue to the working group for resolution. The issue was not resolved by the working group, in fact this topic was not explicitly dealt with during the meetings. The Company, however when asked, offered its position that the GRID model should be used to calculate the impact different wind profiles would have on indicative pricing. This recommendation relies on a model that the parties rejected during the hearing as

an appropriate method for determine avoided costs for wind resources up to the 1400 MWs of IRP needed wind resources. The GRID may be an appropriate tool for adjusting indicative pricing to reflect differences in wind profiles; however, the Commission is not in a position to make such a finding. There was no discussion or evidence on the record, nor was there discussion in the working group on the efficacy of this model for this purpose. The Commission may recall that the Company's original filing and use of the GRID model did not even include wind resources. To use the GRID model to adjust for differences in wind profiles will require additional analysis of the GRID model and a determination that it can appropriately adjust prices. The use of this complex model for a minor but critical adjustment is unwarranted at this time. Only Witness Swenson presents explicit written evidence as to the appropriate method to make such wind profile adjustments. (See Swenson's surrebuttal testimony page 1 and his surrebuttal exhibit SR RJS-2.) This adjustment is supported by Witness Collins and relies on Company Witness Griwold's testimony and evidence on the appropriate differential between on-peak and off-peak pricing.

Wasatch Wind recommends that further investigation of this issue be ordered by the Commission. In the meantime, we recommend Witness Swenson method be used for adjusting indicative prices. If the GRID model provides a more accurate adjustment mechanism then it can be used to adjust contracts that have not been finalized. If the Commission is to adopt this method of adjustment an hour by hour estimate of the value of wind power in its base case will be required so it can be compared to the hour by hour output of the QF resource. The adoption of our recommendation should be explicitly stated in the

Commission's order on clarification and reconsideration. If the Commission declines to clarify its decision as recommended by Wasatch Wind, then we request additional evidence be presented on the issue.

Finally, Wasatch Wind petitions the Commission for reconsideration of its order to establish a working group to make a recommendation on the treatment of avoided transmission costs. The working group failed to reach a consensus on any of the issues concerning avoided transmission costs for wind QF resources. The Company's was unwilling to consider any other position other than its own original position, a position that was simply unacceptable to wind QFs. The Company refuses to acknowledge that wind resources have any real potential for either avoiding capital costs associated with transmission or avoiding line losses. This position is held even when compelling evidence was presented by parties in the working group that suggested otherwise. This reluctance to consider other parties positions eliminated any possibility of consensus. It is Wasatch Wind position that the report presented to the Commission by the working group contains insufficient information for the Commission to make a decision on this issue. Additional evidence should be presented to the Commission before it renders a decision.

If the Commission's order on clarification indicates that all QF wind resources are required to pay integration costs or QFs are unable to pay for green tags over a twenty year period, then Wasatch Wind requests reconsideration of these rulings and recommends that the Commission hold a hearing to allow parties to explain their positions. The same applies to the adjustments for wind profiles and avoided transmission costs, if it is the Commission

intension to adopt another method other than what is on the record in this docket, it should reconvene the parties to hear the arguments. Wasatch Wind requests a quick turnaround time for this Order on Clarification as Wasatch Wind is trying to receive indicative pricing from the Company. Resolution of these issues is important as a positive outcome will aid the financing of our project.

S/ Richard S. Collins
Representing Wasatch Wind