



February 21, 2014

Via Electronic Filing & Hand Delivery

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84114

Re: *Comments on Suggestions Raised in Red Hills Renewable Park, LLC Power Purchase Agreement Docket No. 13-035-197*

Dear Commissioners:

First Wind Energy, LLC (“First Wind”) respectfully submits these comments to address the recommendations of the Division of Public Utilities (“DPU”) and the Office of Consumer Services (“OCS”) recently filed in the Red Hills Renewable Park, LLC (“Red Hills”), Power Purchase Agreement (“PPA”) docket, Docket No. 13-035-197. First Wind is concerned that these recommendations could have long-term adverse effects on the business of First Wind and other renewable power developers in Utah.

The OCS claims that “QF developers are allowed to ‘play’ the system for years,” and that QF developers are “gaming” PPA prices and terms. First Wind disagrees with the generalized nature of these accusations. First Wind is the largest renewable energy developer in Utah, with an excellent track record for development of renewable projects in this state. It is unfair and unreasonable to suggest that somehow it should be presumed that developers are intent upon gaming PPA prices and terms.

PPAs are not generic agreements. Their terms and conditions reflect the particular circumstances of the developer and the particular project. When a PPA is before the Commission for review, the review should entail an examination of the circumstances and facts concerning that particular project.

The OCS and the Division of Public Utilities (“DPU”) have suggested generic requirements that they recommend should be made applicable to all developers and all projects. The Commission should be aware that adopting generic requirements will have a debilitating effect on the development of renewable energy in Utah. First Wind is currently negotiating PPAs with PacifiCorp and is concerned that its progress will be impaired by general detrimental guidelines that appear to be based on the specific facts and circumstances surrounding the Red Hills PPA.

First Wind is concerned with the DPU's suggestion that the online date for a project should be no more than two years (24 months) from the date of the PPA.¹ Such a requirement is unworkable given First Wind's experience in renewable energy development. First Wind also disagrees with the suggestion that the Commission adopt a "price re-opener" if the project does not come on-line before a certain date.

Developers must rely on firm pricing to ascertain the feasibility of the project and to put the requisite financing in place. A pricing quote must occur early in the development process because no financing can be acquired until this critical element is established and the project cannot take final shape until the pricing is known. To suggest that it is one of the last items to be obtained, as the DPU appears to be doing, is contrary to First Wind's experience with the financing markets for renewable energy projects.

Similarly, the ability for a deal to be "re-opened" is a non-starter. Project financing would be much more difficult, if not almost impossible, with a clause in a PPA that requires the power to be re-priced at a later date.

First Wind is also concerned with the OCS's suggestion that the Commission require a QF to have a signed interconnection agreement prior to executing a PPA with the Company.² The transmission arm of a utility, such as PacifiCorp, operates as a separate company from the generation and load-serving function of the utility. The interconnection agreement process is under the control of the transmission entity and is negotiated separately from the PPA. Furthermore, this is an issue that has already been decided. Schedule No. 38 allows the Company to determine whether it should condition execution of the PPA upon simultaneous execution of an interconnection agreement. This is how it should remain. The issue is entirely fact-dependent, and the Company and developer should be free to negotiate this on a case-by-case basis.

Finally, the OCS appears to suggest that the interim capacity value of 84% ordered by the Commission should be subject to adjustment. First Wind has proceeded with the planning of its projects based on the recently concluded 2013 Avoided Cost Order issued by the Commission, where pricing procedures were extensively considered. The order is in place, and should not be subject to change based upon the DPU's or OCS's recommendations in one isolated PPA docket. Otherwise, the regulatory environment in Utah will be so unpredictable that projects will be impossible to even consider.

First Wind hopes that after considering its comments, the Commission will recognize that the PPA approval process for renewable energy developers is specific to each individual developer and project. The Commission should evaluate and consider each developer's PPA, and refrain

¹ OCS takes a similar position at pages 4 and 5 of its comments.

² The DPU suggests something similar at pages 1-2 and 6-7 of its comments.

from adopting any general rules or recommendations in the current Red Hills docket that would affect other developers.

Sincerely,



Peter J. Sullivan
Director, Development

cc: Service List