

1 **Q. Please state your name, business address and present position with**
2 **PacifiCorp (the Company).**

3 A. My name is Bruce W. Griswold. My business address is 825 NE Multnomah
4 Street, Suite 600, Portland, Oregon 97232. I am employed by PacifiCorp
5 (PacifiCorp or Company) as Director of Short-Term Origination and Qualifying
6 Facility (QF) Contracts for PacifiCorp Energy, a division of PacifiCorp.

7 **Qualifications**

8 **Q. Briefly describe your education and business experience.**

9 A. I have a B.S. and M.S. degree in Agricultural Engineering from Montana State
10 University and Oregon State University, respectively. I have been employed by
11 the Company over 25 years in various positions of responsibility in retail energy
12 services, engineering, marketing and wholesale energy services. I have also
13 worked at an environmental firm as a project engineer.

14 My current responsibilities as Director of Short-term Origination and QF
15 Contracts include the negotiation and management of wholesale power supply and
16 resource acquisition through requests for proposals (RFP) as well as overall
17 responsibility for the Company's QF power purchase agreements (PPA). I have
18 appeared as a witness on behalf of the Company in multiple proceedings across its
19 six state jurisdictions.

20 **Purpose and Overview of Testimony**

21 **Q. What is the purpose of your testimony?**

22 A. I am providing rebuttal testimony to address contract and confidentiality issues
23 raised in the direct testimony by Mr. Ros Vrba of Energy of Utah LLC (EOU) and

24 Mr. Colin Duncan of Ormat Nevada, Inc. (Ormat). In addition, as requested by
25 parties in an August 28, 2014 workshop and through data requests in this
26 proceeding, I introduce two form contracts; a form of Electric Service Agreement
27 (Renewable Energy) (Form RESA) to be used in conjunction with Schedule 32
28 and a form of the qualifying facility (QF) power purchase agreement (Form PPA)
29 for purchase of the non-firm renewable energy generated by a Renewable Energy
30 Facility in excess of the Customer's load.

31 **Q. Please summarize your testimony.**

32 A. Confidentiality. I address concerns raised by Mr. Vrba and Mr. Duncan regarding
33 proprietary business information between the Renewable Energy Facility and the
34 Customer. PacifiCorp would not make such information public nor use such
35 information for its own benefit in the market. The Company simply must be able
36 to pass through the appropriate costs to accurately invoice the Customer for
37 receipt and delivery of the renewable energy from the Renewable Energy Facility.
38 The Company believes that the Form RESA can utilize a proxy price provided by
39 the Renewable Energy Facility and Customer for the renewable energy so long as
40 the remaining charges and fees under Schedule 32 are not impacted. Using a
41 proxy price would alleviate the confidentiality concerns raised by Mr. Vrba and
42 Mr. Duncan regarding pricing in the agreement between the Customer and
43 Renewable Energy Facility.

44 Schedule 32 Contracts. I discuss two form agreements that have been introduced
45 by the Company to implement Schedule 32. The first form agreement, the Form
46 RESA, is an example of what the contract between the Company, the Renewable

47 Energy Facility, and the Customer would look like, using the terms and conditions
48 as defined in Schedule 32. The Form RESA is modeled after the Electric Service
49 Agreement (Partial Service) under Schedule 31. The second form agreement, the
50 Form QF PPA, is an addendum to the Form RESA for purchasing the renewable
51 energy generated by the Renewable Energy Facility in excess of the Customer's
52 load. The Form QF PPA is modeled after the Company's UT QF PPA used for
53 compliance with Schedules 37 and 38. My testimony describes the key
54 components in the form agreements and relationship between the Form RESA and
55 Form QF PPA.

56 **Confidentiality of Pricing and Commercial Terms**

57 **Q. Please address Mr. Vrba's and Mr. Duncan's testimony regarding**
58 **confidentiality of commercial terms and pricing.**

59 A. On page 4 of Mr. Vrba's direct testimony, he suggests that certain commercial
60 terms and the power purchase pricing between the Renewable Energy Facility and
61 the Customer must remain confidential so that the Company cannot take
62 advantage of this knowledge in future rate cases or have a competitive advantage
63 over the Renewable Energy Facility in the market. As noted on lines 155-158 in
64 the direct testimony of Company witness, Mr. David L. Taylor, the Company
65 proposes to include in the RESA the pricing and other terms from the separate
66 agreement between the Renewable Energy Facility and the Customer. Including
67 this information in the RESA is the most direct and efficient manner to ensure
68 consistency and continuity with Schedule 32. Consistent with Schedule 32
69 requirements, the Company's approach ensures it has sufficient Renewable

70 Energy Facility and Customer information to receive, deliver, and invoice all
71 power and energy regardless of the source: renewable power and energy or power
72 and energy from the Company's system.

73 To address the concerns of Mr. Vrba, the Company believes that prices for
74 the renewable energy from the Renewable Energy Facility can be addressed in a
75 simplified manner by using a proxy price for renewable energy, such as \$1.00 per
76 megawatt-hour. This maintains the billing process in compliance with Schedule
77 32 and allows the Renewable Energy Facility and the Customer to incorporate the
78 proxy price into their separate agreement in a way that maintains their pricing as
79 confidential.

80 The Company agrees with Mr. Vrba and Mr. Duncan that the commercial
81 arrangement between the Renewable Energy Facility and the Customer is a
82 distinct and separate agreement regarding the price the Customer is paying for
83 renewable energy from the Renewable Energy Facility as well as other business
84 terms. However, without Mr. Vrba or Mr. Duncan providing specificity around
85 what they mean by "certain commercial terms", it is impossible to assess if the
86 commercial terms they reference are necessary in the RESA or if there is an
87 alternative contractual means to address confidential terms. For example, if Mr.
88 Vrba considers the length of the agreement between the Renewable Energy
89 Facility and the Customer to be confidential and does not want the termination
90 date to be included in the RESA, then it may be possible that the RESA include
91 representations and warranties by the Renewable Energy Facility and the
92 Customer regarding the RESA term to ensure that all agreements among the

93 parties are coterminous. Identifying and classifying what terms should be
94 considered confidential is necessary to maintain the confidentiality of the business
95 deal between the Renewable Energy Facility and the Customer while ensuring
96 that the RESA complies with Schedule 32 and is enforceable.

97 **Q. Does Mr. Vrba identify other contract issues you wish to address?**

98 A. Yes. In his direct testimony, lines 55 – 67, Mr. Vrba speaks to the transparency
99 and simplicity of the renewable energy contract. Mr. Vrba suggests that the
100 Company does not administer any risk to Utah consumers but acts as a “pass-
101 through” entity. He goes on to state that the power purchase agreement for the
102 excess renewable energy above Customer load should not follow the complexity
103 of the Schedule 37 or 38 contracts.

104 **Q. Do you agree with Mr. Vrba?**

105 A. No. Mr. Vrba’s comments dismiss the Public Utility Regulatory Policies Act of
106 1978 (PURPA) and state QF rules and regulations outright. His position suggests
107 that any excess generation will be a de minimis amount and should simply be a
108 purchase by the Company. The Company will comply with Senate Bill 12 through
109 Schedule 32 while also ensuring that the purchase of any excess generation by the
110 Company from the Renewable Energy Facility delivered to the Company’s
111 system does not violate any federal or state rule or regulation for purchase of
112 energy from a generating facility. The QF PPA proposed by the Company has
113 been conformed to Schedule 32 while maintaining consistency with other non-
114 firm QF purchases under Schedules 37 and 38.

115 **Electric Service Agreement (Renewable Energy) or Form RESA**

116 **Q. What is the basis for introducing the Form RESA and Form QF PPA?**

117 A. In addition to the parties requesting a sample contract as part of this proceeding,
118 introducing the Form RESA and Form QF PPA at this time provides a look at the
119 key terms in the agreement along with how the mechanics of the contractual
120 relationship between the Renewable Energy Facility, the Customer, and the
121 Company is expected to work. The Form RESA and Form QF PPA are included
122 as Exhibit RMP___(BWG-1R) and Exhibit RMP___(BWG-2R), respectively.

123 **Q. Please provide an overview of a transaction under Schedule 32 using the**
124 **Form RESA and Form QF PPA.**

125 A. The Form RESA and Form QF PPA documents are intended to provide a sample
126 of the type of contracts necessary to implement a proposed transaction under
127 Schedule 32 between the Company, the Customer and the Renewable Energy
128 Facility for receipt and delivery of renewable energy from the Renewable Energy
129 Facility to the Customer; separate and distinct from the type of agreement
130 between the Customer and the Renewable Energy Facility. As noted by Company
131 witness Mr. Taylor, in his rebuttal testimony, this is a complex tariff for billing
132 purposes made even more structurally complex with the possibility of multiple
133 Renewable Energy Facilities as well as multiple delivery points for a single
134 Customer, all under a single contract. For ease of example, my testimony will
135 focus on the simplest structure; one Renewable Energy Facility and one Customer
136 with a single point of delivery.

137 This type of transaction is similar in structure to a Customer who uses on-

138 site generation to meet its load and needs back-up and/or supplemental service
139 with an occasional sale to the utility when generation exceeds load, with a
140 significant difference—the generation is located off-site. This difference requires
141 the delivery and hourly true-up aspects of Schedule 32. To develop the Form
142 RESA for Schedule 32, the Company started with the existing template Electric
143 Service Agreement (Partial Requirements) (ESA-PR) used with Schedule 31 -
144 Partial Requirements Service – Large General Service – 1,000 kW and over. To
145 develop the Form QF PPA for excess generation (i.e., generation exceeds load),
146 the Company started with the existing template QF PPAs used with Schedule 37 -
147 Avoided Cost Purchases From Qualifying Facilities (QFs up to 3.0 MW) and
148 Schedule 38 – Qualifying Facility Procedures (QFs over 3.0 MW but less than
149 80.0 MW).

150 **Q. Please describe the Form RESA contract structure.**

151 A. The Form RESA is based on the ESA-PR where the Customer contracts with the
152 Company to supply the Customer’s full retail requirements including the times
153 when the generator does not deliver sufficient quantities to meet the Customer’s
154 load (supplemental) or when the Company provides back-up service should the
155 generator have an outage. Both contracts use definitions and conditions of service
156 from their respective schedules. Both contracts point to the Company’s Electric
157 Service Regulations for standard contract provision including deposit and
158 security, billing disputes, delivery operational constraints, and metering.

159 **Q. How are the Form RESA and the ESA-PR different?**

160 A. As I mentioned earlier, the Form RESA is different from the ESA-PR in that the

161 generator, the Renewable Energy Facility, is not located on the Customer's
162 property and may not be controlled by the Customer. Additional conditions of
163 service and definitions are needed to capture the off-site and delivery
164 requirements for service as well as the renewable aspect of the generator. These
165 differences representing key terms and conditions include:

- 166 a) Point of interconnection of the Renewable Energy Facility is
167 different from the point of delivery to the Customer.
- 168 b) Renewable Energy Facility is responsible for interconnection and
169 all cost associated with the interconnection.
- 170 c) Metering is required for true-up of hourly generation and loads at
171 both the interconnection point where the Renewable Energy
172 Facility interconnects to the Company's system and the point of
173 delivery at the Customer's site(s).
- 174 d) Customer can have multiple sites having renewable power
175 delivered to them, requiring multiple points of delivery and
176 allocation of the renewable energy from the Renewable Energy
177 Facility.
- 178 e) Customer can receive renewable energy from more than one
179 Renewable Energy Facility to a single facility point of delivery or
180 multiple points of delivery.
- 181 f) Language added to define environmental attributes and ownership
182 of the environmental attributes.

183 **Q. Does the Company consider the Form RESA an executable agreement or**
184 **does it allow for modification of terms?**

185 A. The Form RESA is a form contract. It is not intended to be executed without
186 adapting it to each Customer's situation. The Company recognizes that each
187 counterparty is unique and may require unique provisions in the contract. The
188 Company drafted the Form RESA simply as a template electric service agreement
189 that would allow for limited modification of terms and conditions by the parties to
190 meet the specific transaction arrangement with the Renewable Energy Facility,
191 the Customer and the Company, but still be in compliance with Schedule 32, the

192 Company's Electric Service Regulations, and all other applicable rules and
193 regulations.

194 **Q. What terms and conditions do you view as modifiable in the Form RESA?**

195 A. While not all inclusive, the list above in my rebuttal testimony, are terms that will
196 likely require modifications to address the unique arrangement of a transaction
197 under Schedule 32.

198 **Form Qualify Facility Power Purchase Agreement or Form QF PPA**

199 **Q. What is the purpose of the Form QF PPA?**

200 A. The Form QF PPA is an addendum to the Form RESA providing a separate but
201 linked agreement to the Form RESA for the Company to purchase the Renewable
202 Energy Facility generation delivered to the Company's system that is in excess of
203 the Customer's load.

204 **Q. Why is the Form QF PPA used for purchase of excess generation from the
205 Renewable Energy Facility?**

206 A. The Form QF PPA is the best alternative for purchasing the excess generation from
207 the Renewable Energy Facility. The transaction is a purchase of energy to offset
208 energy that the Company would have otherwise purchased in the market. The
209 Form QF PPA meets FERC requirements for use of network transmission to
210 acquire the energy from a generator and move it to the Company's load and sets
211 the price of the purchased energy at avoided cost. The agreement is consistent with
212 other power purchase agreements used to purchase excess energy from QFs and in
213 compliance with PURPA and state QF rules and regulations.

214 **Q. What is the structure of the Form QF PPA?**

215 A. The Form QF PPA is a power purchase agreement between the Renewable Energy
216 Facility and the Company for the purchase and sale of non-firm energy generated
217 by the Renewable Energy Facility that is in excess of the Customer's load in any
218 hour during the term of the RESA. The QF PPA is an addendum to the Form
219 RESA and incorporates the definitions and terms and conditions of the Form
220 RESA while remaining in compliance with Schedule 37 or 38 depending upon the
221 nameplate capacity of the Renewable Energy Facility. Avoided cost pricing for the
222 Form QF PPA would be done in compliance with Schedule 37 or 38, again
223 depending on the nameplate capacity of the Renewable Energy Facility.

224 As with other non-firm QF PPAs in Utah and other Company jurisdictions,
225 the Form QF PPA incorporated with the Form RESA contains the following key
226 terms and conditions applicable to the Renewable Energy Facility:

- 227 a. Minimum delivery obligation – None
- 228 b. Credit or security obligation – None
- 229 c. Liquidated damages - None
- 230 d. Insurance requirements – Company standard consistent with other QF
- 231 PPAs
- 232 e. Outages and long range forecast – Annual and near-term forecast consistent
- 233 other QF PPAs
- 234 f. Interconnection – Renewable Energy Facility pays all costs consistent with
- 235 PURPA regulation and PacifiCorp Transmission's OATT
- 236 g. Metering – required and consistent with Interconnection Agreement
- 237 h. Environmental Attributes ownership – consistent with Utah Commission
- 238 order in Docket No. 12-035-100

239 **Q. Do you consider the QF PPA to be an onerous or restrictive agreement?**

240 A. No. The agreement is consistent with current PURPA and state QF rules and
241 regulations while meeting the intent of SB 12 through Schedule 32.

242 **Q. Please provide a brief summary of your comments.**

243 A. My comments addressed two areas. One, parties have raised concerns about
244 confidentiality over pricing and commercial terms. The Company has proposed to
245 address pricing issues by using proxy pricing in the Form RESA. Concerns over
246 confidential contract terms between the Customer and the Renewable Energy
247 Facility need to be clearly identified by Mr. Vrba and Mr. Duncan before potential
248 solutions can be explored – however, we need to at a minimum be able to receive,
249 deliver and invoice power/energy in the Form RESA. Second, I introduced two
250 form agreements as requested by the parties in this proceeding; the Form RESA
251 and the Form QF PPA. Both agreements are needed to contractually satisfy the
252 requirements of SB12 through Schedule 32. Both agreements are provided as form
253 agreements, meaning they require limited modification to the terms and conditions
254 to fit the specific arrangement of the Schedule 32 transaction.

255 **Q. Does this conclude your rebuttal testimony?**

256 A. Yes.