

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of)
PacifiCorp, by and through its Rocky)
Mountain Power Division, for Approval of a)
Solicitation Process for a Flexible Resource) DOCKET NO. 07-035-94
for the 2012-2017 Time Period, and for)
Approval of a Significant Energy Resource)
Decision)
)

**COMMENTS OF WESTERN RESOURCE ADVOCATES
ON PACIFICORP’S DRAFT REQUEST FOR PROPOSALS**

COMES NOW Western Resource Advocates (“WRA”), and for it Comments on PacifiCorp’s Draft Request for Proposals (RFP), states the following:

1. WRA is a regional environmental law and policy center serving the Interior Western United States. WRA’s Energy Program promotes energy efficiency, renewable resources, distributed generation, advanced power plant technologies, air pollutant emissions reductions and other measures to allow utilities to meet the energy demands of their customers with environmentally and economically sound resources. WRA has several comments to make with respect to the Draft RFP.
2. PacifiCorp has stated in its RFP that it is seeking only resources that “do not include coal or intermittent resources.” WRA believes these restrictions are generally appropriate, and appreciates PacifiCorp’s recognition that carbon is no longer a manageable risk for the utility – at least until the landscape surrounding carbon regulation becomes more certain. WRA does

however, have several clarifications with regard to these limitations that it believes might be appropriate for the RFP.

3. First, rather than an outright ban on coal, it might be more appropriate to place a limitation on the carbon footprint of any proposed resource. WRA would suggest that no baseload or intermediate resource that emits greater than 1100 pounds of CO₂ per MWh be eligible to bid into this RFP. This would permit resources such as IGCC with carbon capture and sequestration to bid. While it seems that IGCC might not currently be economic, all generation resource costs are very volatile, and subject to change. A CO₂ intensity limit might best accomplish PacifiCorp's goal of not accepting unmanageable CO₂ risk. Peaking capacity bids could perhaps tolerate greater intensity limit, to allow a single cycle CT.

4. Second, regarding the intermittency limitation, WRA suggests that the RFP specifically define what characteristics define an "intermittent" resource, i.e. capacity factor, availability factor, dispatchability, etc. Moreover, it should be clear that combinations of resources that provide needed reliability are eligible to bid into this solicitation – even if one of those resources, standing alone, might be intermittent. For example, wind or solar power coupled with a natural gas turbine or energy storage should be eligible to compete.

5. Third, the RFP should clearly state, with respect to *each* bid category, that resources that do not meet the CO₂ or intermittency requirements will not be eligible. The RFP as it is currently written is not entirely clear that *all* categories are subject to this criteria.

6. WRA questions PacifiCorp's explanation of baseload, intermediate and peak resources as being defined by heat rate. This seems to presume that the resources to be analyzed will be natural-gas turbines. Renewable resources which might otherwise perform well could be excluded because there is no "heat rate" associated with them – unless perhaps it is assumed to

be zero. It seems that heat rate is only relevant as part of this RFP because it is associated with fuel price risk – which renewables avoid.

7. With respect to the “load curtailment” category, WRA is not sure why financial curtailment would not be eligible. Further explanation would be helpful.

8. In Chart 3 on page 26 of the RFP, PacifiCorp describes the role of its “Environmental Team.” The Chart indicates that this team will evaluate “[a]ir, water and discharge, emission credits, site permits and facilities.” WRA believes several additional items should also be evaluated by this team, including at least decommissioning requirements, hazardous waste, and impacts to groundwater.

9. On page 27, PacifiCorp describes its indexing proposal, and allows bidders to index capital costs and capacity charges for new resources. While WRA agrees that limited indexing should be permitted, there should also be an evaluation penalty associated with indexing - because of the added cost risk.

10. On page 28 (and item k on page 31), the RFP requires that a bidder’s development team must have “successfully completed the development and commissioning of at least one generation project with characteristics similar to the proposed project.” While WRA understands the need for this type of restriction, we think the language might preclude resources which utilize new technologies. Perhaps the language could be a bit looser, along the lines of: “the development team must have reasonable experience in the development of the type of generation project being proposed.”

11. On the chart on page 50, and discussion on page 52, PacifiCorp describes the weighting to be given to the bidder’s ability to address changing environmental requirements. PacifiCorp assigns this factor 10 percent of the weighting. WRA believes this weighting is significantly

understated. Environmental issues are at the forefront of issues and risks facing public utilities today. There is no greater uncertainty facing utilities, and it will likely become greater. WRA suggests that the weighting given environmental management capability be upped to at least 25 percent. This should be made up by decreasing the price factor weighting by 10%, and the other non-price factors by 5%.

WHEREFORE, WRA respectfully requests that the Commission direct PacifiCorp to modify its Request for Proposals as suggested in these Comments, and for such other and further relief as the Commission deems just and proper.

Respectfully submitted,

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