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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of PacifiCorp's 2011 Integrated Resource Plan	**DOCKET NO. 11-2035-01** **Comments of Wasatch Wind Intermountain**

Wasatch Wind Intermountain, LLC (Wasatch Wind) appreciates the opportunity to provide comments on PacifiCorp's 2011 Integrated Resource Plan (IRP) Update, dated March 30, 2012. Wasatch Wind is an independent wind developer focused on wind energy project in the Intermountain West. Our current pipeline includes wind energy development projects in Wyoming, Utah, Nevada and Idaho. We successfully completed the development of Utah's first commercial-scale wind facility in Spanish Fork in 2008 after executing a Power Purchase Agreement with PacifiCorp. Our geographically focused approach allows us to become area experts, helping us maneuver efficiently through the policies and processes of energy development in the West. We have a deep understanding of the communities, governments and wildlife in the areas we develop and can effectively work to ensure our efforts are aligned. More importantly, we intimately know the construction and capital costs of wind energy projects in PacifiCorp's eastern area. We have an executed Qualifying Facility Power Purchase Agreement with PacifiCorp and have intimate knowledge of current turbine and balance of plant pricing for this 2012 project in Wyoming. We also have been working with PacifiCorp interconnection on a project in Utah and know there to be pockets of available transmission to the Wasatch Front.

Wasatch Wind knows it has the most up-to-date turbine and balance of plant numbers and encourages the Commission to ensure those have been used in any modeling efforts. We also have been measuring the wind in Utah since 2006 in some places. This gives us the ability to analyze PacifiCorp's integrated resource planning to ensure PacifiCorp's assumptions are indeed in line with the reality in the region. We submit these comments on the IRP Update with the intention of contributing to the ongoing improvement of PacifiCorp's integrated resource planning process and to provide ongoing information of these costs and opportunities to the Division and the Public Service Commission.

COMMENTS ON THE 2011 IRP UPDATE

It appears that the preferred portfolio is predominated by fossil-fueled resources. While the rationale at first glance makes sense based on the current natural gas market and greenhouse gas regulations in the next ten year's, it is likely that PacifiCorp will have to make sudden and costly changes to its resource portfolio in the future. PacifiCorp would be better by hedging their bets through the inclusion of non-emitting sources such as wind through their resource plans. Fortunately, Pacificorp can avoid making costly investments in only fossil fuels in the near term by including in its IRP a 50-100 MW eastern wind resource every year in its IRP. As PacifiCorp knows, wind acts as a hedge against volatile fuel prices. Even if wind energy is more expensive in the initial years, the price over the entire 20 year contract price is locked in—providing price stability for its rate payers. And unlike natural-gas plants which typically have a three to six year development cycle, wind projects can be rapidly deployed (construction can occur in 12 months) enabling projects to respond quickly to market changes. Lest we forget about the cost of wind and natural gas which are currently at rough partiy with each other. While there is uncertainty regarding the production tax credit for wind, looking back, the industry has responded well on the cost side. Given the improvements to the technology—larger turbines, wider blade sweeps and higher hub heights—the price of wind will continue to fall even without the production tax credit, it must to compete. Given that PacifCorp wants to build 1,000 MW of CCGT in Utah by 2016, it would only seem prudent to include a marginal amount of wind per year to act as a hedge in order to transition smoothly and cost-effectively to a less greenhouse gas-risky portfolio.

This Commission's charge is to protect ratepayers and ensure that the resource planning of PacifiCorp does not forget that we are in the midst of new gas discoveries, massive drilling and an oversupply that has depressed prices below what is sustainable. No one should be fooled that gas prices will be less volatile going into the future, gas prices are likely to remain as volatile as they have been historically. We can't be lulled to think that simply because of the advent of shale gas, the slow economy and mild winters of late that natural gas is our savior. Greenhouse gas costs and risks need to be implicitly accounted for in IRP modeling. Not accounting for greenhouse gas costs and risks not only points the IRP toward choosing Company owned gas plants and other fossil-fueled resources, but it deprives the models of a means of effectively valuing the risk-mitigating benefits of renewable resources.

Wind Resources

Wind resource acquisition continues to be artificially constrained in the IRP Update. Wasatch Wind has spent the last 8 years combing PacifiCorp's eastern territory for wind projects with proximity to transmission lines with available capacity (look in the interconnection queue for projects in Utah), decent wind and environmentally favorable conditions and has in fact found several. The Action Plan Update states that "Incremental wind resource acquisition does not begin until the end of 2018 due to the need for incremental transmission capacity to be able to deliver remote resource generation to load."[1] We were surprised to see this latest update continue with the same mantra that without the Gateway transmission line there will be no new wind. In fact, at several IRP meetings we tried to encourage PacifiCorp to model today's cost of wind with wind projects in Utah given new wind turbine technology for lower wind speed regimes and available transmission. Unfortunately, we were too late in the IRP modeling process

[1] 2011 IRP Update, page 6.

to have them add an assumption to the model. Naturally, we had expected that in an update such as this one, the company would have updated some of its wind assumptions.

We believe that if wind were modeled at what the true cost of wind is-- $1,400-$1,500/KW, this update may have been different. Not only are wind resource additions constrained by transmission planning assumptions, but out-of-date turbine capacity factors for these lower wind speed sites, further discriminate the modeling of wind resources. Nevertheless, because the modeling is constrained such that it cannot select wind in the near term, the Company is using this IRP result to deny wind developers avoided cost pricing based on the methodology developed for wind resources.

Therefore, the company will not acquire local, risk mitigating wind resources that do not require costly rate payer funded projects like the Gateway West and South. The Commission should ask the company to update its model with current costs and consider Utah wind projects so the model can select wind in the near term. Otherwise, the risk is that the modeling results will be used to justify the Company's refusal to provide proper indicative funding for Utah wind resources. Restricting wind resources in the IRP and then using the results to influence the avoided cost pricing for PURPA may frankly be in violation of the law.

Renewable Energy Resource Cost Assumptions

PacifiCorp indicates that supply-side resource costs and performance parameters were not updated for the Update.[2] As expressed in comments on the 2011 IRP from Wasatch Wind and several other parties, the Company's cost and performance assumptions for renewable resources were out of date when the 2011 IRP was published in March of 2011. Every resources' price should be updated to reflect changes in the market, there is no excusable reason why natural gas prices are updated while those of other resources like wind are not. Just as there is a forward

[2] 2011 IRP Update, page 43.

price curve for natural gas, there should be some curve that could be utilized for wind with and without the production tax credit—and both should be modeled.

General Comments on the IRP Process

PacifiCorp's IRP Update Action plan contains significant changes from the 2011 IRP filed on March 31, 2011. There is no magic wand that can predict what will happen over the next ten, twenty or fifty year's, but to think that in one year a long-term view of costs and risks were affected so significantly raises an eyebrow or two. Wasatch Wind is concerned that at a basic level PacifiCorp is relying so heavily on natural gas over the next four year's without even a slight wink toward evaluating more renewables.