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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts	DOCKET NO. 12-035-100 Response of Interwest Energy Allianceto Rocky Mountain Power’s Application and Motion to Stay Agency Action
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Pursuant to Utah Code Ann. Section 63G-4-204 and Utah Admin. Code Section R746-100-3, Interwest Energy Alliance provides the following comments related to the *Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts* (the “Application”) and specifically as to its *Motion to Stay Agency Action* (the “Motion for Stay”) filed therein. Interwest recommends that the Motion for Stay be denied pending further investigation and final determination.

REGULATORY BACKGROUND:

In Docket No. 03-035-14, the Commission established two methods for calculating avoided cost prices for wind Qualifying Facility (QF) resources greater than three megawatts (MW). See Order adopted on October 31, 2005 in Docket No. 03-035-14 (the “2005 Order”). For wind resources up to PacifiCorp’s “IRP target megawatt level” of wind resources, the Commission approved a “Market Proxy” method for determining avoided costs based on its renewable RFP with project-specific adjustments. For wind resources exceeding the IRP target,

the Proxy/PDDRR method is used, taking into account specific operating characteristics and other qualities, along with a capacity payment based on the IRP cost of the next deferred resource. Recently the Commission confirmed this 2005 Order allowing a new application to be filed in the event that a party requests review of its prior orders. The Company filed this Application for that purpose on October 9, 2012.

PROCEDURAL STATUS:

The company requests changes to the “renewable avoided cost methodology” and a motion for an immediate stay of the application of the 2005 Order to projects other than the Blue Mountain wind project that was the subject of Utah Public Service Commission Docket No. 12-2557-01.¹ In the Application, the Company outlined issues and recommended changes to the Market Proxy and PDDRR methods as applied to renewable QFs. The Application apparently seeks to be applied to both wind and solar projects. The Company also requests that the application of the 2005 Order be stayed pending full resolution of this matter, such that the effect of Commission’s previous orders will be suspended as to pending and new QF pricing requests.

THE STAY WOULD IMPEDE MARKET DEVELOPMENT:

The stay should be denied pending a resolution of the Application and related issues by the Commission after opportunity for hearing and input by the parties. The 2005 Order was entered after a contested proceeding, including several rounds of written testimony from parties and expert witnesses followed by an evidentiary hearing. The Commission deliberated and determined that the pricing methodology was in the public interest based on an extensive record.

The Company now requests a broad review and interpretation of the 2005 Order along with its IRP process and goals. This review, to be based on application of the Public Utilities

¹ *Rocky Mountain Power’s Request for Approval of Changes to Renewable Avoided Cost Methodology and Motion to Stay Agency Action* (October 9 2012), Docket No. 12-035-100, page 1 (hereinafter *Company’s Application*).

Regulatory Powers Act (“PURPA”), will require policy discussion as well as technical consideration of the operation of renewable energy facilities. For example, the Company’s Application states that they request evaluation of:

. . . a. whether the Market Proxy method continues to produce avoided costs that are in the public interest, including (i) the definition [of] the IRP target; (ii) the timing of the need for renewable resources; and (iii) the treatment of resources acquired for RPS compliance.

Application, Sec. 11.a. Further, the Company requests evaluation of the “proper implementation of PDDRR for renewable QF resources” . . . among other broad policy, economic, and engineering-based questions. Application, Sec. 11, b. and c.

Responding to the Company’s Application will require extensive review and interpretation of its past and future IRPs, including the 2011 IRP Update. The Company asserts that the “market Proxy method fails to account for the reasons and the timing of wind resource additions selected in the IRP.” Application, p. 7, Sec. 16. The Company adds:

In addition, developing pricing for a Utah wind QF based on the assumption that it will be used to satisfy another state’s RPS requirement presents issues that were not contemplated when the Market Proxy method was adopted including inter-jurisdictional cost allocation, environmental attribute ownership, and uncertainty regarding future RPS compliance obligations, among others.

Application, p. 7, Sec. 16. These broad concepts and others will inform the Commission’s interpretation of the 2005 Order and IRP. The Company’s alleged changes in circumstances require an in-depth understanding of all of the contributing factors to the modeling and results contained in the IRP. There is no simple mathematical formula driving these outcomes. The operational impacts of a renewable energy facility contribute to development of these pricing methods. In addition, the public policies driving renewable resource acquisitions

will be implicated, as acknowledged by the Company. Therefore, a stay is inappropriate until this analysis has been completed after a full and fair investigation.

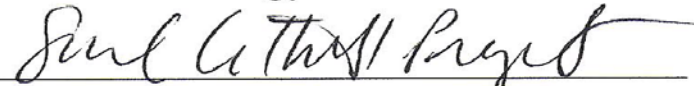
Most importantly, it appears there are projects in various stages of development acting in reliance upon the QF pricing methodology established by this Commission, and suspension of the application would likely violate PURPA and cause them significant financial harm. See *Division of Public Utilities' Response and Answer to Rocky Mountain Power's Request for Approval of Changes to Renewable Avoided Cost Methodology and Motion to Stay Agency Action* (October __, 2012), Docket No. 12-035-100, pages 4-6. Long Ridge Wind, by its October 14, 2012 comments, has objected to the stay for this reason.

Wind and solar projects require years of planning, development and financial investment before they are ready for service, along with months of negotiations with the utilities poised to purchase their power. Suspension of the process which is relied upon during these years of planning and expenditures would jeopardize the financial stability of these projects and further impede development of these industries. Sudden regulatory changes such as that requested by the Company can impede robust competition in these markets, destabilizing the market and ultimately raising costs to consumers.

For these reasons the request for stay should be denied as premature. An investigation of all issues raised by the parties and status of pending projects should occur prior to any suspension of ongoing market activities, including responses to requests for indicative pricing.

DATED: November 8, 2012

RESPECTFULLY SUBMITTED,
Interwest Energy Alliance



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Certificate of Service

I hereby certify that on this 7th day of November, 2012, a true copy of the foregoing document was sent via email to the following:

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