

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

Rebuttal Testimony of Robert Millsap

For Renewable Energy Advisors

November 26, 2012

1 **Q. Please state your name, title and business affiliation.**

2 A. My name is Robert Millsap. I am the energy and financial analyst for Renewable Energy
3 Advisors, a local consulting company.

4 **Q. What is your association with this docket?**

5 A. Renewable Energy Advisors has been engaged as a consultant by Energy of Utah since
6 August 10, 2012. Energy of Utah is directly affected by the outcome of this docket. I was
7 contacted by Ros Vrba, principal partner of Energy of Utah, because there had been a delay in
8 the Qualifying Facility (QF) indicative pricing process for the Long Ridge Wind development.

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

10 A. I am responding to the direct testimony regarding this docket submitted by Rocky
11 Mountain Power (The Company), dated November 16, 2012.¹ I also wish to summarize my
12 underlying concern; specifically, the chain of events leading to Energy of Utah's current
13 situation. It is my opinion that approval of the Company's requested stay, expected to be in place
14 until June of 2013,² would unfairly harm Energy of Utah.

15 **Q. Please provide your response to the Company's testimony.**

16 A. The Company's testimony asserts that the application of the Market Proxy method to
17 Utah wind development projects in the Schedule 38 queue will result in excessive costs to
18 ratepayers. The logic of their assertion, illustrated by the corresponding calculation, depends
19 upon a number of implicit assumptions:

- 20 • That the current Market Proxy price overstates ratepayer avoided costs
- 21 • That current indicated pricing represents (outdated) ratepayer avoided costs
- 22 • That any projects will be developed at the PDDRR-based prices
- 23 • That all projects might be developed at Market Proxy prices

24 I respectfully disagree with these assumptions, and I believe that they do not lay a firm
25 foundation for the Company's argument. Broadly, I believe that the amounts presented as
26 additional ratepayer costs are more correctly explained as an indication of the amounts by which
27 the PDDRR-based prices underestimate the avoided costs for these projects.

¹ 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 DIRECT TESTIMONY OF PAUL H. CLEMENTS November 16, 2012

² DOCKET NO. 12-035-100 SCHEDULING ORDER AND NOTICE OF HEARINGS ISSUED: Nov 13, 2012

28 **Q. Do you wish to present evidence to support your response?**

29 A. A discussion of the many factors relating to costs, either to developers or to ratepayers,
30 should be comprehensive and carefully considered. It is my understanding that they are to be
31 considered at a later time.³ I believe that this is not the correct time to engage in a discussion that
32 may cause attention to be drawn away from central issues. I also ask the Company to refrain
33 from the disclosure of potentially identifiable information that may be considered by developers
34 to be confidential.

35 **Q. Please explain your previous comment about an underlying concern.**

36 A. Energy of Utah submitted all required documentation for indicative pricing on April 20,
37 2012. This was less than 19 months after the Market Proxy project was placed in service.⁴
38 Schedule 38 guidance led Energy of Utah to expect indicative pricing within 30 days.⁵
39 After numerous inquiries, we received the pricing more than four months later, on August 31.
40 I was not surprised to read the Company's assessment that the other projects in queue are still in
41 the early stages of development.⁶

42 **Q. Why did Energy of Utah not pursue the contract's execution as soon as it had**
43 **received the PDDRR-based indicated price?**

44 A. The pricing was below our expectations, based on my limited understanding of Schedule
45 38 calculations, and on previous communications between the Company and Energy of Utah.

³ DOCKET NO. 12-035-100 SCHEDULING ORDER AND NOTICE OF HEARINGS ISSUED: Nov 13, 2012

⁴ Pacificorp, Oct 12, 2010 "Dunlap I Wind Project Generating Renewable Energy for Customers"
<http://www.pacificorp.com/about/newsroom/2010nrl/dwpgrec.html>

⁵ ROCKY MOUNTAIN POWER ELECTRIC SERVICE SCHEDULE NO. 38 STATE OF UTAH Qualifying
Facility Procedures Filed Oct 9, 2012

⁶ DOCKET NO. 12-035-100 DIRECT TESTIMONY OF PAUL H. CLEMENTS November 16, 2012 p. 10

46 Examination of the pricing proposal revealed, I believed, potential inconsistencies between the
47 indicative pricing received and standard Schedule 38 pricing methodology.
48 Two meetings with very patient Division representatives led us to a meeting with the Company.
49 Mr. Vrba and I left the Company meeting with the understanding that our pricing concerns were
50 no longer relevant, because the Blue Mountain decision⁷ would cause our indicative pricing to be
51 recalculated using the Market Proxy method.
52 Two weeks later, the Company requested a stay.

53 **Q. How would you evaluate Energy of Utah's current situation?**

54 A. Seven months after complying with Schedule 38 indicative pricing requirements, we
55 cannot determine the ultimate pricing for the Long Ridge Wind project. The original indicated
56 price is significantly below development costs. Despite requests, the Company has not provided
57 any further information regarding our concerns about the original pricing. Project planning and
58 development cannot continue under the current circumstances. The delay has already created an
59 unwarranted burden for Energy of Utah.
60 Delays also unfairly expose any project to a particular Schedule 38 condition, as the Company
61 has asserted that PDDRR pricing will be adjusted lower, and that indicative prices are not
62 protected from this change.⁸

63 **Q. What if the Commission declines the request for the stay?**

64 A. Should the Commission decide to decline the stay request, we do not know if the
65 Company would actually use the price adjustments offered as evidence on the table on page 9 of
66 their direct testimony⁹, or when revised pricing would be provided. I cannot predict the outcome.

⁷ In the Matter of Blue Mountain Power Partners, LLC's Request that the Public Service Commission of Utah Require PacifiCorp to Provide the Approved Price for Wind Power for the Blue Mountain Project DOCKET NO. 12-2557-01ORDER ON REQUEST FOR AGENCY ACTION ISSUED: September 20, 2012

⁸ DOCKET NO. 12-035-100 DIRECT TESTIMONY OF PAUL H. CLEMENTS November 16, 2012 p.7

67 **Q. Do you have any further comments?**

68 A. Despite our experience to date, I am convinced that a fairly-implemented Qualifying
69 Facility process can produce Utah projects that meet PURPA guidelines. Constructive
70 cooperation between ratepayers, the Company, QF developers and our communities can provide
71 significant, tangible benefits for all parties. I hope that we will have the opportunity to
72 demonstrate this potential, and I am grateful for the Commission's consideration of this matter.

73 **Q. Does that conclude your testimony?**

74 A. Yes.

Submitted Respectfully,

Robert Millsap

For Renewable Energy Advisors