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REDACTED ACTION REQUEST RESPONSE

TO: Public Service Commission

FROM: Division of Public Utilities:
Chris Parker, Director,
Artie Powell, Energy Manager
Abdinasir Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

DATE: June 10, 2014

DOCKET: Docket No. 14-035-46, Purchase Power Agreement between PacifiCorp and Pavant Solar, LLC.

RECOMMENDATIONS (Approve)

The Division of Public Utilities (Division) recommends that the Commission approve the Purchase Power Agreement (Agreement or PPA) between PacifiCorp (Company) and Pavant Solar, LLC (Pavant).

ISSUE

On April 17, 2014, PacifiCorp filed an Application for Approval of Power Purchase Agreement between PacifiCorp and Pavant. The Company filed corrected copies of the Agreement on April 24, 2014 and May 6, 2014. Following a scheduling conference on April 30, 2014, the Commission issued an order on May 1, 2014 that set a filing deadline for initial comments of June 10, 2014. This memorandum serves as the Division's comments and recommendations in this matter.

ANALYSIS

General

The Agreement covers a period of 20 years from the online date,¹ which is expected to be December 31, 2015²—just over one and one-half years from now. Pavant is a proposed [REDACTED] photovoltaic solar project³ with a single axis tracking system⁴ located near PacifiCorp transmission facilities in Millard County, Utah.⁵ The project developer is juwi solar Inc. (JSI), located in Boulder, Colorado. “The majority shareholder of JSI is juwi Holding AG, which ranks among Europe’s leading renewable energy companies. (The balance of JSI’s shareholders are U.S. individuals or companies.)”⁶

Generally the Agreement appears to be patterned after other PPAs that the Division has previously reviewed for renewable QFs. The language therefore appears to be mostly generic for this type of contract.

Pricing Terms

The Division has reviewed the pricing terms set forth on in the PPA and Exhibit 5.1 of the PPA and has determined them to be consistent with the Commission’s previous orders. Particularly, the PPA pricing is consistent with the Commission’s Order in Docket No. 12-035-100 in which issues related to wind QFs were extensively litigated and some issues related to wind and solar QFs were also determined. The Division believes that the Company has correctly applied the Proxy/PDDRR method approved by the Commission along with the 84 percent capacity contribution the Commission approved in Docket No. 12-035-100 on an interim basis.

¹ Power Purchase Agreement, Section 2.1, page 15.

² Ibid., page 12.

³ Ibid., page 1.

⁴ Ibid., Exhibit 6.1.

⁵ Ibid., page 1.

⁶ <http://www.juwisolar.com/about/> last accessed June 2, 2014.

Green Tags

Green tags, also known as renewable energy credits (RECs), are retained by Pavant as set forth in Section 4.6, page 23 of the Agreement.

Transmission Interconnection Agreement

As a “milestone” the PPA requires that Pavant enter into a final transmission interconnection agreement by [REDACTED]

Based on discussions with the Company in this and other recent QF dockets, the Division understands that this interconnection agreement milestone was put in place to protect the Company and its ratepayers, and to provide some assurance that the project was viable and capable of completion by the scheduled online date.

As discussed in a previous docket (Docket No. 13-035-197), the Division believes that it is in the public interest for the Commission to expect that significant investment has been made by a developer before a power purchase agreement is brought forward for approval. Such investment not only includes expenditures in dollars, but also in terms of the overall development of the project. This would provide some assurance to ratepayers and the Commission that the project is “real” and not merely a speculative idea that has a long way to go before it can be completed. The Agreement with Pavant demonstrates to the Division that a solar developer is capable of working within the time frames the Division suggested in the previous docket, such as an online date of two years or less from the date of the contract, and the timely signing of the transmission interconnection agreement.

CONCLUSION

The Pavant PPA is the second large solar project brought before the Commission. As discussed above, the PPA appears to be in compliance with Schedule 38 and existing Commission orders. Based upon the forgoing analysis, the Division recommends that the Commission approve the Agreement as just and reasonable and in the public interest.

cc: Michele Beck, Committee of Consumer Services
Cheryl Murray, Committee of Consumer Services
Dave Taylor, PacifiCorp
Paul Clements, PacifiCorp
Daniel Solander, PacifiCorp
Service List