



State of Utah  
Department of Commerce  
Division of Public Utilities

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**ACTION REQUEST RESPONSE**

**PUBLIC**

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: September 4, 2014

DOCKETS: In the Matters of the Applications of Rocky Mountain Power for Approval of Power Purchase Agreement between PacifiCorp and

Enterprise Solar, LLC	Docket No. 14-035-85
Escalante Solar I, LLC	Docket No. 14-035-86
Escalante Solar II, LLC	Docket No. 14-035-87
Escalante Solar III, LLC	Docket No. 14-035-88

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**RECOMMENDATIONS (Approve)**

The Division of Public Utilities (Division) recommends that the Commission approve the Purchase Power Agreements (Agreements or PPAs) between PacifiCorp (Company) and the four First Wind projects known as Enterprise Solar, Escalante Solar I, Escalante Solar II, and Escalante Solar III (collectively “First Wind projects”).

## **ISSUE**

On July 3, 2014, PacifiCorp filed Applications for Approval of Power Purchase Agreements between PacifiCorp and the First Wind projects. The Company filed corrected first pages of the Agreements on July 10, 2014, which corrected language related to the interstate allocation process. Following a scheduling conference on July 16, 2014, the Commission issued an order on July 18, 2014 that set a filing deadline for initial comments of September 4, 2014.<sup>1</sup> This memorandum serves as the Division's comments and recommendations in these dockets.

## **ANALYSIS**

### General

The four First Wind projects are being developed, through various subsidiaries, by First Wind of Boston, Massachusetts (First Wind).<sup>2</sup> First Wind is primarily known in Utah for its development of wind projects near Milford, Utah that currently total 306 MW in nameplate capacity. The output of the Milford wind projects is sold to California customers. First Wind has developed relatively large wind generation resources elsewhere in the United States.<sup>3</sup> Recently First Wind has begun developing solar projects with its first completed projects totaling 17 MW located in Massachusetts.<sup>4</sup> The Division understands that part of the economics of solar generation in Massachusetts is driven by the relatively high value of renewable energy credits (RECs) in Massachusetts compared to the value of RECs in Utah.

The four First Wind projects are being developed in Utah as Qualifying Facilities (QF) under the federal PURPA statute. PURPA rules put restrictions on the size and spacing of one project relative to another project by the same developer. First Wind projects are composed of four ■■■■■ photovoltaic solar projects<sup>5</sup> with a single axis tracking system<sup>6</sup> located near PacifiCorp transmission facilities in Millard and Iron counties in southwestern Utah.<sup>7</sup> Each

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<sup>1</sup> Subsequent Commission Orders on July 22, 2014, and July 31, 2014, did not modify the comment due date.

<sup>2</sup> See First Wind web site <http://www.firstwind.com/> last accessed August 27, 2014.

<sup>3</sup> <http://www.firstwind.com/wind/> last accessed August 27, 2014.

<sup>4</sup> Response by First Wind to DPU data request 1.1.

<sup>5</sup> Purchase Power Agreements, page 1.

<sup>6</sup> Ibid., Exhibit 6.1.

<sup>7</sup> Ibid., page 1.

Agreement covers a period of 20 years from the online date,<sup>8</sup> which is expected to be October 31, 2016<sup>9</sup>—just over two years from now.

PURPA rules that affect QFs include a mandatory purchase obligation that applies only to QFs. In order to qualify as a QF, facilities may not be greater than 80 megawatts per site and must be spaced a minimum of one mile distance so as not to be considered the same site.<sup>10</sup>

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 in each PPA and Exhibit 5.1 of each 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.

#### Green Tags

Green tags, also known as renewable energy credits, are retained by First Wind projects as set forth in Section 4.6 of each Agreement.

#### Transmission Interconnection Agreement

As a “milestone” the PPA requires that First Wind projects enter into a final transmission interconnection agreement by March 31, 2015, approximately nine and one-half months after the

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<sup>8</sup> Power Purchase Agreement, Section 2.1.

<sup>9</sup> *Ibid.*, page 14.

<sup>10</sup> *See* 16 U.S.C. § 796(17)(E), 18 C.F.R. §§ 292.203 and 292.204.

PPAs were signed. 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. The Division considers the nine-plus month time period as potentially not being in the public interest. As discussed in previous dockets,<sup>11</sup> the Division is concerned that lengthy time periods between the date of a PPA and the first milestone may not be in the public interest in part because in the event the project does not meet the milestone, that project has held a place in the avoided cost queue and potentially has blocked more viable projects from development.

However, based upon First Wind's responses to Division data requests and discussions with First Wind, the Division understands that First Wind has paid all of the fees, which are sizeable, for the facilities interconnection studies and expects to sign transmission interconnection agreements with PacifiCorp for all four projects before the end of October 2014, approximately five months ahead of the March 31, 2015 deadline. Given these representations from First Wind, the Division will not object to the time to the first milestone contained in these PPAs.

## **CONCLUSION**

The First Wind projects PPAs together are the largest solar project brought before the Commission to date. Combined, the First Wind projects will have a peak output that is comparable to a moderate size natural gas plant. As discussed above, the PPAs appear 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.

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<sup>11</sup> See, for example, the Division's memoranda in Docket Nos. 13-035-197 and 14-035-46.

cc: Michele Beck, Committee of Consumer Services  
Bela Vastag, Committee of Consumer Services  
Dave Taylor, PacifiCorp  
Daniel Solander, PacifiCorp  
Gary Dodge, counsel for the First Wind projects