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**BEFORE THE PUBLIC UTILITIES COMMISSION OF UTAH**

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In the Matter of Rocky Mountain Power's Proposed                    )  
Electric Service Schedule 32, Service from Renewable                ) Docket No. 14-035-T02  
Energy Facilities    )  
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**INTERWEST ENERGY ALLIANCE RESPONSIVE COMMENTS**  
**September 9, 2014**

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The Interwest Energy Alliance (“Interwest”) hereby responds to the proposed Tariff with the following public comments, filed as of the deadline for responsive testimony.

**1. The goals of S.B. 12. would be better served by a simpler tariff which does not require the renewable energy to be sold to the utility, rather which allows the customer to contract directly with the renewable energy producer.**

The proposed tariff requires two matching and linked contracts. See Direct Testimony of David L. Taylor, pp. 3 and 4. The first contract is between Rocky Mountain Power (“RMP”) and the renewable energy facility under which the utility purchases the electricity. The second contract is between RMP and the customer, for resale of the electricity to the customer. The contracts have not yet been provided to the Commission and the parties to review, and are expected to be completed mid-September. Interwest requests the opportunity to respond to this proposed contract at the Rebuttal Testimony deadline, October 9, 2014.

To the extent possible, it would be appropriate to restructure the tariff to eliminate the need for mirror contracts. S.B. 12 can be read to allow two different scenarios. One scenario requires mirror contracts, one does not. Either way, Interwest agrees that the S.B. 12 appropriately requires the customer to cover costs, so that non-participants are not negatively impacted. The tariff should also recognize benefits of additional renewable energy, as discussed below.

S.B. 12 requires a contract between the utility and the renewable energy facility for purchase of the electricity only to the extent a third party or the utility owns the electricity produced by the renewable energy facility, not to the extent that a customer owns the electricity. Therefore S.B. 12 can be read to allow a customer to purchase the electricity from the renewable energy facility directly, eliminating the need for the utility to purchase the electricity for resale to that customer. Sec. 54-17-804(3). When a customer has purchased the electricity directly from the

renewable energy facility, Sec. 54-17-805, Utah Code Annot. applies to assess appropriate costs to the customer. The utility would remain the primary point of contact for the customer, for billing, load management and ancillary services. The tariff can be restructured to simply allow RNP to provide the remaining unmet capacity and energy needs of the customer (if any), net of the demand served by the renewable energy facility. This would allow simplification of the tariff in a way that better serves the goals of S.B. 12—to allow customers to benefit from the transmission system so they can contract directly with renewable power producers.

RNP's OATT does not appear to require the separate mirror contracts. RMP asserted at the workshop held on August 12 and in its discovery response to IEA Data Request 1.2 (attached as Exhibit B) that its OATT prohibits point-to-point and network service from being provided to the same retail customer. Interwest does not read the OATT as being conclusive on this question. S.B. 12 could be read as the "state requirement that the Transmission Provider offer the transmission service", qualifying the customer as an Eligible Customer. However, additional research and input on this question may be appropriate, prior to the Commission approving the proposed tariff.

The separate contract should be precluded where a customer has purchased the electricity directly because it requires that the utility be made aware of the pricing and other terms of the contract between the renewable energy producer and the customer, which raises serious privacy and anti-competitive concerns. The utility is potentially competing for the same customer in the same market sphere. This contract elimination also reduces risks of potential default and additional costs to the utility and its ratepayers because it eliminates a layer of contracting; the customer, not the utility, enters into the long term power contract.

Eliminating one contract would still meet the goals of maintaining neutrality for non-participants and serve the goals of S.B. 12. All of the remaining administrative costs actually driven by the netting of the demand and transmission service would be included in the tariff. See Sec. 54-17-805, Utah Code Annot., which describes separate set of costs to be covered by the customer, depending on whether the electricity is owned by the customer based on purchase directly from the renewable energy facility (Sec. 54-17-805(1)), or whether the contract is providing for transfer of electricity owned by someone other than the qualified utility or the customer. (Sec. 54-17-805(2)), Utah Code Ann. This continuing distinction throughout the statute appears to contemplate that S.B. 12 essentially was intended to allow a simple “wheeling charge” to be applied in the case of a direct purchase by a customer from the renewable energy facility. The tariff would require payment of all costs of delivery, but would reduce administrative requirements and costs overall.

**3. The goals of S.B. 12 require careful analysis and calculation of any administrative costs, ancillary transmission costs and backup charges.**

SB 12 was groundbreaking effort among states within PacifiCorp’s service area to allow customers to contract directly for renewable energy. Electricity customers establish clean energy goals and mandates for a number of reasons, to respond to volatile and rising fossil fuel prices and stabilize and lower energy budgets, to respond to corporate risk managers who see potential liability from over-reliance on fossil-fuel based electricity generation, from corporate shareholders, consumer input, current or projected international, federal or state carbon reduction requirements, and employee health concerns. Carbon reduction has become an accepted part of corporate financial decision-making, and fiduciary duties owed to shareholders now requires

additional access to renewable energy. Therefore, demand for contracts from third parties, in the “voluntary” market is likely to continue at a steady pace.

Regulatory bodies around the West have responded by allowing separate direct purchase of renewable energy, at rates established to maintain low costs and minimize impacts on non-participants. This minimization of impacts requires recognition of both costs and benefits created by the consumers’ use of independent renewable energy contracts. Analysis of the value of increased renewable energy penetration is a complicated and controversial matter which will not be discussed at length here, except to say that the tariff should be subject to review and revision as the analysis about both the costs and the benefits of renewable energy integration is further developed.

Voluntary green power programs allow customers to choose to support additional electricity production from renewable energy sources. According to NREL, voluntary green programs have proven to be a powerful driver of demand for renewable energy. Voluntary programs can play an important role in economic development, by stimulating demand for additional renewable energy production facilities, these programs have the potential to produce quality temporary and permanent jobs.<sup>1</sup> Equally important, voluntary green power programs can play a dual economic development role. According to NREL, commercial and industrial purchases are increasingly driving green power markets. Companies increasingly are touting their renewable energy purchases in advertising and marketing campaigns. Google, for example, is “committed to using renewable energy like wind and solar as much as possible.” See

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<sup>1</sup> “Brookings Institute, Sizing the Clean Economy: A National Regional Green Jobs Assessment, July 13, 2011,” <http://www.brookings.edu/research/reports/2011/07/13-clean-economy>.

<http://www.google.com/about/datacenters/renewable/index.html> ; see also Renewable Energy in Today's Data Center, Data Center Knowledge (taking note of Greenpeaces' recent "How Clean is Your Cloud?" name-and-shame campaign <http://www.datacenterknowledge.com/archives/2012/5/30/renewable-energy-in-todays-data-center/>); as with sustainability in general, there is a value to the branding associated with the use of renewable energy". The willingness of consumers to make these purchases, rests on the value they receive in return, which includes economic and environmental benefits. Renewable energy provides important hedging benefits, stable rates, energy stability and diversity, and predictable long term prices, with emissions reductions which benefit all Utah residents. The opportunity to use renewable energy to satisfy up to all of a company's energy needs can affect business expansion and location decisions.

**4. The backup charges require careful analysis to provide the opportunities and not unduly burden customers with inappropriate costs.**

The backup charges imposed by the tariff are not explicitly allowed by S.B. 12, which simply requires that the customer "pay for the use of the qualified utility's transmission or distribution facilities at the qualified utility's applicable rates, which may include transmission costs at the qualified utility's applicable rate approved by the Federal Energy Regulatory Commission" when the customer owns the electricity. Sec. 54-17-805 Utah Code Annot. When the electricity is owned by someone other than the utility or the contract customer, the contract requires that the customer or third party pay "all reasonably identifiable costs that the qualified utility incurs in delivering the electricity from the renewable energy facility to the contract customer, including all costs to procure and deliver electricity and for billing, administrative, and related activities, as determined by the commission." Section 54-17-805, Utah Code Annot. This

language allows for reasonable administrative costs, but the combination of administrative costs and remaining charges is burdensome and should be carefully scrutinized, consistent with responsive testimony submitted by intervenors. No backup, firming, or integration costs are specified by the statute.

Consistent therewith, the costs should be netted by the benefits of the additional renewable capacity and energy provided by service from the renewable energy facility. The benefits of additional geographic and technological diversity could be analyzed and added in to reduce the costs imposed by the tariff. In order to simplify the tariff and comply with the statute, however, Interwest recommends a strict reading of the lists of costs to be included in the tariff, and to the extent they are imposed, that they be based on studies and analysis approved by the Commission.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 9<sup>th</sup> day of September, 2014, as follows:

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/s/ Patti Gregory

### **IEA Data Request 1.2**

Please provide a reference and citation to the PacifiCorp OATT which prohibits one distribution system interconnection point to be used for both delivery of service and point to point service.

### **Response to IEA Data Request 1.2**

The Company assumes that the reference is to comments made in this proceeding's technical working sessions stating that point-to-point and network service cannot be provided to a retail customer.

#### Section 1.12 Eligible Customer

(i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

(ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.