

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<b>In the Matter of Rocky Mountain Power’s Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities</b>	<b>Docket No. 14-035-T02</b>
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**Rebuttal Testimony of Ros Rocco Vrba**

1 **Q. Please state your name, business address and present position.**

2 A. My name is Ros Rocco Vrba. My business address is 1612 Bainbridge, Sandy, Utah. I  
3 am President of Energy of Utah LLC.

4 **Qualifications**

5 **Q. Please briefly describe your education and business experience.**

6 A. I have Masters of Science (MS) in Mechanical Engineering from 2001 and a M.B.A. from  
7 University of Phoenix from 2006. I founded Energy of Utah LLC (“EOU”) in 2011. EOU’s  
8 primary focuses lies in renewable energy consulting and development of clean renewable energy  
9 resources in Intermountain West. I have specific experience in the development of renewable  
10 resources, application of tariffs and transmission applicable to the testimony being given here.

11 **Q. Have you appeared as a witness in previous regulatory proceedings?**

12 A. Yes. I have testified on multiple occasions in Utah through various proceedings since 2012.

13 **Q. What is the purpose of your Rebuttal testimony?**

14 A. In my Rebuttal testimony I would like to provide comments to direct testimony of Cheryl  
15 Murray on the behalf of OCS dated 09/09/14, direct testimony of Abdinasir M. Abdulle, Ph.D.  
16 on behalf of DPU dated 09/09/14 and finally direct testimony of Sara Wright with UCU. All in  
17 the above referenced Docket No. 14-035-T02.

18

19 **Comments to Office of Consumer Services**

20 **Q. Provide your first comment to OCS testimony**

21 A. Line items 73 through 80 regarding OCS opinion on Schedule 32 intent.

22 *“The Office believes that it is appropriate for the Company to attempt to keep Schedule 32*  
23 *customers from paying more for back-up and supplementary services. However, our primary*  
24 *concern is that no costs associated with Schedule 32 participation will be shifted to other*  
25 *customer classes; those costs should be borne entirely by the customers that cause them to be*  
26 *incurred”*

27

28 A. The OCS correctly identified that Schedule 32 cannot provide un-just subsidy or otherwise  
29 to shift costs to non-participating Utah consumers. However, the OCS failed to offer comments  
30 on reverse scenario in which Schedule 32 does provide an un-just subsidy to all none-  
31 participating consumers in form of capacity contribution not realized by renewable generator or

32 contracted energy user. The OCS comment shall not be mutually exclusive. However, the  
33 societal benefits of having new renewable generating power plants constructed in Utah that  
34 otherwise would not be constructed thereby creating investment and stimulating the Utah  
35 economy both in good paying jobs and providing property tax base as well as contributing to  
36 reduced air pollution and emissions of greenhouse gases cannot be understated. All ratepayer  
37 and residence of Utah benefit from the increase of renewable generation being consumed by  
38 customers in Utah. Therefore, I must take exception to what could be considered an “un-just”  
39 subsidy. Federal law and the availability of tax credits for renewable energy clearly indicates  
40 that all citizens benefit from the expansion and use of renewable energy as a national  
41 undertaking and policy. SB 12 is also quite clear that the Company can only charge incremental  
42 costs in delivering renewable energy to an end user. Notwithstanding, there has been no  
43 proposal by any party to shift costs to non-participating customers to subsidize the delivery of  
44 renewable generation to end users although all customers benefit from such delivery in many  
45 other direct and indirect ways.

46 **A.** Our comment also applies to OCS testimony line items 94 through 99 regarding other Utah  
47 electric customer ineligible for taking energy under Schedule 32. The OCS made similar  
48 comments on line items 139 through 141 and finally line items 169 through 171.

49 **Q. Provide your second comment to OCS testimony.**

50 **A.** Our second comment is to OCS line items 124 through 135 regarding monthly  
51 administrative cost proposed by the Company.

52

53 *“It is our understanding that the Company’s determination of the administrative fee amount was*  
54 *based on discussions with Company employees who have done similar work. The administrative*  
55 *fee is subject to change over time and may be decreased or increased as necessary. It is the*  
56 *Office’s opinion that starting with the best estimate of the costs that will be incurred to perform*  
57 *necessary services is a reasonable approach; and, the Company is in the best position to provide*  
58 *that estimated cost. We recommend that any decrease in the administrative fee proposed by other*  
59 *parties should be accompanied by substantial evidence that all costs will be recovered “*

60

61 **A.** The OCS claims not to necessarily support Company’s proposed \$ 450 monthly fee, but in  
62 general supports administrative fee structure based on Company’s own employee estimate  
63 despite the fact that this cost is over 60% more expensive than Utah’s Schedule 9. The point  
64 being raised here and in prior testimony by EOU is that compared to normal billing fees, the  
65 additional administrative fee is excessive and does not reflect what would be expected of  
66 automated billing practices. The Company also wants separate billing and PPAs for each meter  
67 even with a single Customer. Assuming that an average sized meter might be 250 kW since  
68 many Customers will bundle meters to qualify for the 300 MW upper generation cap. Using this  
69 consideration, the monthly fee being collected by the Company would be \$540,000 per month or  
70 \$6,480,000 per year for 300 MW of Customers using this meter size. This may be extreme, but  
71 it is easy to see why Company does not want to aggregated meters for single Customers or

72 automate billing as this becomes a profit center much less a burden on renewable Customers and  
73 indirectly on generators.

74 OCS also points out that if there is any proposed decrease in this monthly fee, it should not  
75 come without “substantial evidence” in support to be even considered. Since this task is solely  
76 completed by the Company, we struggle to find any opportunity for “substantial evidence” to  
77 be presented by anyone not working directly for the Company.

78 **A.** Lastly, I would also like to point out that once fees and rates are set, the likelihood of  
79 these fees being decreased is rather anomaly.

80 **Q. Do you have any other comments for OCS?**

81 **A.** No

82 **Comments to Department of Public Utilities**

83 **Q. Provide your first comment to DPU testimony**

84 **A.** Line items 98 through 104 regarding DPU comments to proposed metering and billing  
85 service charge.

86

87 *“The Division counter checked the customer charge values used in the proposed*

88 *Schedule 32 against those in Schedule 31 and determined that the Company used the correct*

89 *customer charge values from Schedule 31. In addition, the Division recognizes the complexities*

90 *associated with the preparation of a bill for a customer agreement under Schedule 32.*

91 *Therefore, the Division agrees with the Company’s calculation of the charges associated with*  
92 *the metering and billing service”*

93

94 **A.** It is unclear to us why the DPU only checked proposed rate calculations based Company’s  
95 desire to simply replicate Schedule 31 calculation. It would be more appropriate for DPU to  
96 question Company’s logic in this selection. Schedule 32 customers are being identified by the  
97 Company as Utah based customers eligible for electric schedules 6, 8 and 9. As such, the DPU  
98 should have checked the above mentioned charges against schedule 6, 8 and 9 instead of  
99 Schedule 31.

100 If DPU did so, they would realize that even the most costly of the three schedules still produces  
101 over 60% lower monthly charge than Schedule 32 proposed by the Company.

102 **Q. Provide your second comment to DPU testimony**

103 **A.** Line items 123 through 128 regarding delivery and back up service charges

104

105 *“Furthermore, since the renewable energy facility is an intermittent resource, the Company has*  
106 *to have generation resources standing by to be used when the renewable energy facility is*  
107 *producing less than its contractual capacity. The costs associated with keeping generation*  
108 *resources standing by is captured by the backup charge. The Division determined that the*  
109 *Company used the correct input data from the 2014 GRC and correctly calculated the delivery*  
110 *an backup service charges”*

111

112 **A.** As in the matter above, the DPU simply followed Company’s proposal without questioning  
113 its intent or implications to Schedule 32. Renewable energy will always be only supplementary  
114 to Company’s power and Schedule 32 should have been built around this fact rather than using  
115 incorrect and flawed assumption built around renewable energy supplying 100% of customers  
116 generation and creating additional charges by the Company. As stated in prior testimony of  
117 EOU, the capacity contribution of renewable generation as an intermittent resource is based on  
118 statistically how much of “all” renewable generation connected to the grid contributes as a whole  
119 to reducing Company’s need to have reserve margin plants, those on hot standby and spinning  
120 reserve to meet customer demand. Clouds do not cover all solar panels at all solar generating  
121 stations at the same for every day of the year nor does the wind not blow everywhere under the  
122 same logic. It has been determined renewable generation has firm capacity value and reduces  
123 Company costs albeit not all plants 100% of the time.  
124 Furthermore, the DPU shall question Sb 12’s intent behind 300 MW upper limits rather than  
125 simply agree to Company’s proposed methodology resulting in artificial and unnecessary slew of  
126 charges. This comment also applies for line items 138 through 144.

127 **Q. Do you have any other comments for DPU?**

128 **A. No**

129 **Comments to Utah Clean Energy**

130 **Q. Provide your first comment to Utah Clean Energy**

131 A. Line items 125 through 145 regarding summary of Company's power charges and its  
132 impact on Schedule 32

133

134 *"The Company's proposed power charges are a more complex construction.*

135 *For existing charges (Supplemental Facilities and Supplemental Power charges carried over to*  
136 *Schedule 32 from the contract customer's applicable general service schedule), the Company*  
137 *first nets the customer's demand with the nominal MW capacity contracted for, less losses.*  
138 *Significantly, this calculation implicitly assumes that the entire MW capacity of contracted*  
139 *power is available in all hours to offset peak demand.*

140 ***Q: Given that no resource is available in every hour, is this an accurate reflection of***  
141 ***the capacity value of the contracted power?***

142 ***A: No, the Company's proposal assumes that contracted power is available 100 % of***  
143 ***the time at full capacity, which it is not. The Company accounts for this assumption by***  
144 ***introducing three new power charges (Delivery Facilities Generation Backup Facilities, and***  
145 ***Daily Backup Power charges) to recover the costs that they propose are associated with***  
146 ***ensuring reliability of contracted power. In other words, the Company assumes full availability***  
147 ***of contracted power and then adjusts for this counterfactual assumption by imposing Delivery***  
148 ***Facilities, Generation Backup Facilities, and Daily Backup Power charges. This calculation is***  
149 ***unnecessarily complicated and likely overstates actual costs. If back-up charges are deemed***  
150 ***necessary, they should be based on the collective cost of maintaining power system reliability,***



151 *not calculated on an individual resource basis”*

152

153 A. Utah Clean Energy correctly pointed out the fundamental flaw with presented Schedule 32  
154 mechanics. As we have stated preciously in our comment one needs to take into account what is  
155 or would be charge the customer for the delivery of Company power and energy under its normal  
156 tariff which already duplicate these charges. As in prior testimony of EOU, the Company should  
157 not be developing new charges, but recognizing what is already being paid by Customer and only  
158 charging incremental costs. Currently, Customers would be paying for these charges in current  
159 rates and Company has not proposed offsets or the reality of Customer taking delivery from both  
160 Company and renewable generator. A simplified billing approach was proposed by EOU in its  
161 prior testimony addressing these issues.

162 In this regard, the Company’s position is flawed with the assumption that renewable generation  
163 will be supplied at 100% of the time at full capacity and as result the Company introduces three  
164 new charges to cope with the reality of renewable resource production. The Company has an  
165 extensive portfolio of renewable energy in its multiple state service territory providing the  
166 Company with detail and thorough information on the mechanics of this energy resource.  
167 Furthermore, the Company had conducted multiple studies in support of various dockets in Utah  
168 and other states in support of capacity value contributions for different renewable resource  
169 yielding firsthand knowledge that is instrumental in creation of new electric schedules such as  
170 Schedule 32.

171 Utah Clean Energy discloses this issue in building Schedule 32 on flawed and misleading basis  
172 resulting in complex and very expensive costs to any client interested to take electricity under  
173 Schedule 32. However, UCE also offers alternate solution to this proposal that we will cover in  
174 our next comment.

175 **Q. Provide your second comment to Utah Clean Energy**

176 A. Line items 152 through 169 regarding alternate proposal for administration of power  
177 charges.

178

179 *“A simpler way of handling the power charges is to eliminate the three proposed new power*  
180 *charges (Delivery Facilities, Generation Backup Facilities and Daily Backup Power Charges)*  
181 *and, instead, change the way in which the netting is calculated for already existing Supplemental*  
182 *Facilities and Power Charges (as carried over to Schedule 32 from the applicable general*  
183 *service schedule).*

184 **Q: How do you propose to change the netting for the existing Supplemental Facilities and**  
185 **Power Charges?**

186 A: *Instead of crediting the contract customer for the maximum MW delivery rate of*  
187 *contracted power (less losses), as the company proposes, I propose using a smaller offset/credit*  
188 *to existing charges based on the capacity value of the contracted power. In other words,*  
189 *eliminate the proposed Delivery Facilities, Generation Backup Facilities and Daily Backup*  
190 *Power Charges in favor of an offset to the Supplemental Facilities and Supplemental Power*

191 *charges that is based on the capacity value of the contracted power. This method does not rely*  
192 *on an assumption of maximum availability of contracted power and is much simpler.”*

193

194 **A.** Utah Clean Energy should be credited for providing simple and fair alternative approach to  
195 the Company’s proposed Schedule 32 power charge administration. This proposed method  
196 closely aligns with Company’s proposed administration of energy charges in form of direct  
197 compensation for energy delivered based on already known capacity contributions for each given  
198 renewable resource. This method does not rely on an assumption of maximum availability and  
199 will simplify Schedule 32 including its cumbersome billing approach making this method simple  
200 and transparent.

201 The renewable energy capacity values as known to our Commission from previous dockets and  
202 studies provides pre-approved means of assigning direct capacities to each renewable resource  
203 without the need for future studies.

204 EOU clearly indicated the application of the offset in its simplified billing approach proposed in  
205 its prior testimony. What is paramount is that whatever is adopted by the Commission in regard  
206 to capacity value offset, it must be transparent and quantifiable to Customers and renewable  
207 generators. If it is not, then the burden of indemnifying the Customer for such offset will fall on  
208 the renewable generator. Therefore, what is adopted must be acceptable to banks and lender so  
209 the end result is financeable for the renewable generator. In recent technical and settlement  
210 conferences there remained unresolved discussion that capacity value must be quantified in some

211 form of formulae to verify delivery of capacity by renewable generator. In all existing PPAs for  
212 generators this is addressed as a warranty or guarantee of availability. Certainly, no generator  
213 can guarantee when the wind will blow or how much cloud cover for solar will result in  
214 generation. No bank or lender would provide funding as well. What the generator can provide is  
215 a commitment that when the wind blows or the sun shines, the renewable generator can deliver  
216 the power expected. This is done as an availability guarantee by the generator. Since each of the  
217 Customer and renewable generator will have a PPA with Company, it would be EOU's  
218 recommendation that the capacity be a fixed offset for the Customer and that the PPA with the  
219 generator address the issue of the plant being maintained and available as an availability  
220 warranty.

221 **Q. Provide your third comment to Utah Clean Energy**

222 **A.** Line items 171 through 185 regarding monthly customer charge

223

224 **“Q:** *Do RMP's proposed customer charges and administrative fee seem reasonable to you?*

225 **A:** *No, RMP's proposed monthly customer charges for Schedule 32 are approximately 60*

226 *percent higher than the Schedule 8 and Schedule 9 customer charges. On top of the significantly*

227 *higher customer charge, RMP is proposing an administrative fee of \$450 per month.*

228 *These two charges are extremely high, especially for customers that are aggregating load to*

229 *meet the 2.0 MW minimum size requirements. For instance, if a customer aggregates five meters,*

230 *they are paying \$27,000 per year in administrative fees alone. With existing technology*

231 *including digital spreadsheets and data imports, it is difficult to believe that it will take six hours*  
232 *for billing each agreement each month, as the Company suggests. Although I acknowledge that it*  
233 *will take some time to create a system and data import method that works with RMP's billing*  
234 *system, given that the tariff includes a higher customer charge, there does not seem to be a cost-*  
235 *basis for this additional administrative fee.”*

236

237 **A.** Utah Clean Energy correctly points out customer fees being of high entry obstacle to  
238 Schedule 32 potential clients. In comparison to other Utah schedules eligible for Schedule 32  
239 tariff, these costs should be closely align with these and only surpass their costs due to additional  
240 monthly billing that shall be done by the Company to further segregate its own generation from  
241 renewable energy generation. UCE alternative approach provides for savings in data collection  
242 and billing thus lowering monthly customer charges to expected and acceptable levels.

243 **Q. Does this conclude your testimony?**

244 **A. Yes**

245

246 **Respectfully**

247

248

249 **Ros Rocco Vrba MBA**