

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Iron Springs Solar, LLC	<u>DOCKET NO. 15-035-41</u>
In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Granite Mountain Solar East, LLC	<u>DOCKET NO. 15-035-42</u>
In the Matter of the Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Granite Mountain Solar West, LLC	<u>DOCKET NO. 15-035-43</u> <u>ORDER CONFIRMING BENCH RULINGS APPROVING POWER PURCHASE AGREEMENTS</u>

ISSUED: July 8, 2015

SHORT TITLE

The Commission approves Power Purchase Agreements between PacifiCorp and Iron Springs Solar, LLC, Granite Mountain Solar East, LLC, and Granite Mountain Solar West, LLC

PROCEDURAL HISTORY

On April 10, 2015, PacifiCorp, doing business in Utah as Rocky Mountain Power (“PacifiCorp”), filed with the Commission applications (“Applications”) for approval of: (1) a power purchase agreement (“PPA”) between PacifiCorp and Iron Springs Solar, LLC (“Iron Springs”); (2) a PPA between PacifiCorp and Granite Mountain Solar East, LLC (“Granite Mountain East”); and (3) a PPA between PacifiCorp and Granite Mountain Solar West, LLC (“Granite Mountain West” and, collectively with Iron Springs and Granite Mountain East,

“Developers”). The PPAs provide for the sale of electric energy to PacifiCorp to be generated from the Iron Springs, Granite Mountain East, and Granite Mountain West solar generation projects (“Facilities”) located in Iron County, Utah for a period of 20 years. The Developers and PacifiCorp represent the Facilities are qualifying facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”).

On April 16, 2015, the Commission held a scheduling conference and on April 17, 2015, issued a Scheduling Order and Notices of Technical Conference and Hearing (“Scheduling Order”). Pursuant to the Scheduling Order, the Commission convened a technical conference on April 22, 2015, to allow PacifiCorp an opportunity to present information to Commission staff and interested parties concerning the Applications. On June 5, 2015, the Division of Public Utilities (“Division”) and the Office of Consumer Services (“Office”) filed comments on the Applications. On June 12, 2015, PacifiCorp and the Developers filed reply comments.

On June 24, 2015, the Commission’s designated Presiding Officer conducted a hearing to consider the Applications. At the hearing, PacifiCorp, the Division, and the Developers provided testimony supporting Commission approval of the PPAs and the Office testified it did not oppose approval of the PPAs. At the conclusion of the hearing, the Presiding Officer issued a bench ruling, approved and confirmed by the Commission, approving the Applications in Docket Nos. 15-035-41, 15-035-42 and 15-035-43. This written order memorializes the bench ruling. The evidence supporting each application is uncontested and is briefly summarized below.

DISCUSSION, FINDINGS AND CONCLUSIONS

I. Parties' Positions

A. PacifiCorp

PacifiCorp represents in the Applications it is a “purchasing utility” and as such is obligated to purchase power from QFs under PURPA, Utah Code Ann. § 54-12-1, *et seq.*, and Commission orders. PacifiCorp also represents it calculated the purchase prices set forth in the PPAs using the method the Commission approved in Docket No. 12-035-100,¹ all interconnection requirements will be met and the Facilities will be fully integrated with PacifiCorp’s system.

PacifiCorp states the PPAs constitute “New QF Contracts” under the 2010 Protocol inter-jurisdictional cost allocation method. PacifiCorp states that according to the terms of the 2010 Protocol, the costs of the QFs will be allocated as a system resource, unless any portion of those costs exceed the cost PacifiCorp would have otherwise incurred acquiring comparable resources.

B. The Division

The Division recommends the Commission approve the PPAs. Based on its review of the PPAs, the Division indicates the pricing set forth in Exhibit 5.1 of each PPA appears to be consistent with the Commission’s previous orders. Specifically, the Division states PacifiCorp appears to have correctly applied the Proxy/PDDRR method the Commission approved along with the appropriate capacity contribution values the Commission approved in Docket No. 12-

¹ See *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 (August 16, 2013 Order on Phase II Issues).

035-100 on an interim basis.² Additionally, the Division represents the Developers have demonstrated they are capable of working within certain project milestones, which gives the Division comfort the Developers are capable of performing their obligations under the PPAs. The Division testified the PPAs are just, reasonable, and in the public interest.

C. The Office

In its comments, the Office expresses concerns regarding the timeliness of the pricing, compliance with applicable federal siting requirements and the reliance on a single system impact analysis for the Granite Mountain East and Granite Mountain West facilities. At hearing, the Office testified the June 9, 2015 Stipulation (“Stipulation”) the Commission approved in Docket No. 14-035-140³ will serve to alleviate its concerns going forward and testified it did not find any evidence the PPAs are not otherwise compliant with prior Commission orders. The Office does not oppose Commission approval of the PPAs.

D. The Developers

In response to the Office’s comments, the Developers assert the PPA pricing is consistent with previous Commission orders and that facility siting is appropriate. The Developers additionally contend the system impact analysis was appropriately performed on a combined basis because Granite Mountain East and Granite Mountain West share an interconnection point and the collective interconnection impact is the same regardless of whether the projects are

² See *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 (August 16, 2013 Order on Phase II Issues).

³ See *In the Matter of the Review of Electric Service Schedule No. 38, Qualifying Facilities Procedures, and Other Related Procedural Issues*, Docket No. 14-035-140 (June 9, 2015 Order Approving Settlement Agreement on Schedule 38 Procedures).

studied independently or together. The Developers claim the PPAs are compliant with applicable tariffs and are in the public interest and request the Commission issue a bench ruling approving the PPAs with a written order to follow shortly thereafter.

E. PacifiCorp's Reply

In response to concerns the Office raises, PacifiCorp asserts it negotiated the PPAs in accordance with Electric Service Schedule No. 38 and all other applicable Commission orders. PacifiCorp also represents the PPAs meet the PURPA and Federal Energy Regulatory Commission ("FERC") requirements of one mile separation between QF facilities and represents that the single interconnection study conducted for Granite Mountain East and Granite Mountain West is consistent with FERC rules. PacifiCorp also testified the Stipulation⁴ will address the Office's pricing concerns going forward. PacifiCorp notes no party opposes the Commission's approval of the PPAs.

II. Findings and Conclusions

Based on the current regulatory framework in place as established by PURPA, prior Commission orders and PacifiCorp's tariff, the Commission reviews the PPAs to assure PacifiCorp has properly administered its tariff in its dealings with the Developers and, in particular, that PacifiCorp has properly determined avoided cost pricing for the PPAs based on the appropriate Commission-approved methodology.

⁴ See *In the Matter of the Review of Electric Service Schedule No. 38, Qualifying Facilities Procedures, and Other Related Procedural Issues*, Docket No. 14-035-140 (June 9, 2015 Order Approving Settlement Agreement on Schedule 38 Procedures).

Based on our review of the Applications, the PPAs, the comments filed in this docket, and the testimony provided at the hearing, and hearing no opposition to the Applications, we find the prices, terms and conditions of the PPAs are consistent with applicable state laws, relevant Commission orders, and Schedule 38. We conclude the PPAs are just, reasonable, and in the public interest.

ORDER

Pursuant to the foregoing discussion, findings and conclusions, we order:

1. PacifiCorp's Application in Docket No. 15-035-41 is approved. The PPA between PacifiCorp and Iron Springs Solar, LLC is approved, effective June 24, 2015.
2. PacifiCorp's Application in Docket No. 15-035-42 is approved. The PPA between PacifiCorp and Granite Mountain Solar East, LLC is approved, effective June 24, 2015.
3. PacifiCorp's Application in Docket No. 15-035-43 is approved. The PPA between PacifiCorp and Granite Mountain Solar West, LLC is approved, effective June 24, 2015.

DATED at Salt Lake City, Utah, this 8th day of July, 2015.

/s/ Michael Hammer
Presiding Officer

Approved and Confirmed this 8th day of July, 2015, as the Order of the Public Service Commission of Utah.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary
DW#267354

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this order by filing a request for review or rehearing with the Commission within 30 days after the issuance of this written order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G-4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on the 8th day of July, 2015, a true and correct copy of the foregoing was delivered upon the following as indicated below:

By Electronic-Mail:

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