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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Modification of Contract Term of PURPA Power Purchase Agreements with Qualifying Facilities	**Docket No. 15-035-53**

PREFILED SURREBUTTAL TESTIMONY OF BRYAN L. HARRIS

The Rocky Mountain Coalition for Renewable Energy hereby submits the Prefiled Surrebuttal Testimony of Bryan L. Harris in this docket.

DATED this 28th day of October 2015.

HATCH, JAMES & DODGE

/s/ ________________________
Gary A. Dodge
Attorneys for the Coalition

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 28th day of October 2015 on the following:

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Modification of Contract Term of PURPA Power Purchase Agreements with Qualifying Facilities	))))))	Docket No. 15-035-53

Surrebuttal Testimony of Bryan L. Harris

On Behalf of the

Rocky Mountain Coalition for Renewable Energy

October 28, 2015

Q. Please state your name, business address and employment.

A. My name is Bryan L. Harris. My business address is 285 North 100 West, Beaver, UT 84713. I am a Senior Development Manager for SunEdison.

Q. Are you the same Bryan Harris who submitted prefiled Direct and Rebuttal Testimony in this docket on behalf of the Rocky Mountain Coalition for Renewable Energy ("Coalition")?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. I will respond to rebuttal testimony filed by Paul Clements and Charles Peterson. I will also explain why I believe 20-year QF PPAs are consistent with federal and state policies designed both to protect ratepayers and to encourage the development of renewable resources.

Q. Mr. Clements claims that a reduction in the maximum QF PPA term to three years is necessary in order to comply with PURPA's "ratepayer indifference" standard.[1] Do you agree?

A. No, I am aware of nothing in federal or state PURPA laws or regulations that suggests or supports the argument that short-term contracts are appropriate or required. To the contrary, most states of which I am aware, including Utah, appear to interpret those laws and regulations in a manner different than Mr. Clements, as nearly all of them utilize longer-term QF contracts. This is presumably in recognition of the fact that financing a multi-million dollar renewable energy

[1] E.g., Clements Rebuttal, lines 24-33, 134-135, 236-237, 380-382.

project requires long-term pricing certainty. In my experience, investors and lenders are willing to put millions of dollars at risk only with confidence that revenues required for repayment are reasonably assured. Mr. Clements appears to argue that QF development needs to be curtailed precisely because developers of wind and solar QFs are successfully meeting and/or exceeding the Company's avoided costs as determined by PSC-approved methods. How best to integrate these resources is a topic worthy of discussion in the overall context of RMP's bundled portfolio; selecting one resource group that holds ratepayers indifferent for unique restriction is not sound policy.

Q. Mr. Clements also argues that PURPA does not "specifically state" that a QF contract term must be of any specific length.[2] Do you agree?

A. Yes, however neither does PURPA "specifically state" that limiting a QF PPA term to three or five years is reasonable or permissible. To my understanding, PURPA does not directly address this issue, leaving it instead to good-faith efforts of public service commissions to set contractual terms necessary to encourage and promote development of renewable resources. Virtually all states have done so through approval of long-term QF PPAs that can be financed.

It is very difficult to understand how a maximum 3- or 5-year PPA term could plausibly be viewed as "encouraging" development of renewable resources, given the certain result that such PPAs cannot reasonably be financed and therefore the project will not be developed. While PURPA laws and regulations may not

[2] E.g., Clements Rebuttal, lines 125-126.

directly address this issue, it is misleading to claim consistency with the declared intent and purposes of PURPA while supporting a fundamental structural change that will clearly discourage, if not completely stop, development of such resources in Utah.

Q. Mr. Clements dismisses claims that a maximum 3-year PPA term will terminate QF PPA development in Utah by noting that RMP's obligation to purchase QF power will continue.[3] What is your response?

A. I believe this response is misleading. Every witness in this docket with experience in financing renewable QF projects has testified that pricing certainty limited to three or five years will not only discourage, but will also almost certainly eliminate, any future development of renewable QF projects in Utah. Further diminishing the likelihood of renewable QF development, the administrative burden on both the Company and QF developers that is almost certain to result from more frequent contract renegotiations via 3- or 5-year contract terms will be significant. Indeed, other parties[4] in this docket have noted that such negotiations can take upwards of a year or more (which is consistent with SunEdison's experience). These risks and costs for both the Company and QF developers related to frequent contract negotiations could well be unmanageable for all involved.

Q. Office of Consumer Services witness Bela Vastag notes that the policy of encouraging renewable energy development must be viewed in the context of

[3] E.g., Clements Rebuttal, lines 101-111.
[4] E.g., Rich Rebuttal, lines 98-99.

another important goal of setting QF prices so as to protect ratepayers.[5] Do you agree?

A. Yes, absolutely. In citing the declared purpose and intention of state and federal PURPA laws to encourage development of renewable resources, it must be remembered that PURPA also requires protection of ratepayers through the use of avoided cost pricing methods and assumptions that are reasonable and as accurate as reasonably possible. As correctly recognized by Mr. Vastag, this important ratepayer protection goal does not mean that the other goals of PURPA should be ignored by making QF development impracticable. Rather, it requires careful analysis of avoided cost methods and pricing -- the type of analysis that has been consistently undertaken by the Office, the Commission and others. The focus should remain on how avoided costs are determined, not on the de facto cessation of renewable QF development altogether.

Q. Mr. Peterson resists the un-rebutted testimony of all of the QF experts who have testified in this proceeding that short-term PPAs cannot be financed, claiming that no "hard evidence" to that effect has been produced.[6] Are you aware of any "hard evidence" that you can offer?

A. I do not know what kind of "hard evidence" Mr. Peterson is asking for, and I note that he is asking others to prove a negative -- always a difficult task. Every witness in this docket with expertise in developing renewable energy projects has testified that a 3- or 5-year PPA term will almost certainly end renewable QF development

[5] E.g., Vastag Rebuttal, lines 98-103.
[6] E.g., Peterson Rebuttal, lines 65-72, 97-101.

in Utah. Nobody can prove that there is a zero chance that a renewable project might be built or financed without a long term pricing commitment. Perhaps an incredibly wealthy individual with purely altruistic motivations will start offering long-term, reasonably priced financing for renewable QFs without a long-term PPA. To my knowledge, no such financing is currently available and it seems highly unlikely that it ever will be, I do not know how one can prove that something will never happen. What I do know is that current financing available to renewable energy developers requires long-term pricing certainty, and the simple existence of alternative financing mechanisms in no way implies that said mechanisms will have competitive costs that allow for projects to pencil. Indeed many vehicles, such as yieldcos, require long-term cash flows to realize the benefits of lower costs of capital.

Q. Does this conclude your surrebuttal testimony?

A. Yes.