



State of Utah
Department of Commerce
Division of Public Utilities

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REPLY COMMENTS OF THE DIVISION OF PUBLIC UTILITIES

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Brenda Salter, Technical Consultant
Charles Peterson, Technical Consultant

Date: August 18, 2017

Re: Docket No. 17-035-23. In the Matter of the Application of Rocky Mountain Power for Approval of Solicitation Process of Wind Resources

Subsequent to the August 4, 2017 filing of its initial comments, the Division of Public Utilities (Division) has discussed with PacifiCorp (Company) the Division's recommendation that the Company's RFP be expanded to allow bidders to submit wind projects located and potentially interconnected to the Company's transmission system outside of Wyoming. The Division has listened to the Company's concerns with the Division's recommendation to diversify the geography of the RFP and believes that it understands them. The Division shared with the Company its concerns in making its recommendation.

The Division's recommendation for a diversified geography primarily centered on the concern that the RFP may result in too few outside bidders to reliably establish the market value of these projects. In support of its concern, the Division notes the following that may have a chilling effect on bidding.

- Since the Company is bidding in 860 MW as self-build, benchmark projects, bidders may feel that it is useless to bid against the Company in its own RFP.
- After 320 MW for signed QF PPAs is accounted for, ninety percent of the available capacity (up to 1270 MW) is taken by the Company's benchmark bids. This leaves only about 90 MW that outside bidders may believe they have a reasonable chance of obtaining, which may be too small for many bidders to spend the time and money pursuing.
- Unlike some previous RFPs, the Company is not making available to outside bidders the sites that it controls.
- The Company's benchmark bids may have advantageous positions in the queues for various transmission interconnection studies.

The Company for its part believes that there, in fact, will be a "robust" bidding result and that the Division's primary concern is unfounded.¹ The Division does not discuss in detail the Company's position here because it assumes that the Company is better able to, and will, provide its response in its own reply comments.

Of course, whether or not the Division's concerns have any real foundation cannot be known without the actual results of the RFP. The relative restrictiveness of the RFP that the Company is proposing to issue may not be a primary concern, overall, for the Division in this docket or, more importantly, Docket No. 17-035-40. However, if the RFP is issued as the Company requests, the Division may request a full review of the process should the robust response the Company expects not materialize, which could jeopardize the Company's plan to place new facilities into service before the expiration of tax credits.

cc: Bob Lively, PacifiCorp
Michelle Beck, Office of Consumer Services
Wayne Oliver, Merrimack Energy (Utah IE)
service list

¹ Other concerns that the Division may have with the new wind and the related transmission projects will be raised in Docket No. 17-035-40.