

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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

REBUTTAL TESTIMONY OF

BELA VASTAG

FOR THE

OFFICE OF CONSUMER SERVICES

SEPTEMBER 13, 2017

1 **Q. WHAT IS YOUR NAME, BUSINESS ADDRESS AND OCCUPATION?**

2 A. My name is Béla Vastag. My business address is 160 East 300 South Salt
3 Lake City, Utah 84111. I am a Utility Analyst for the Utah Office of
4 Consumer Services (Office).

5 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

6 A. I will provide the Office's overall recommendation on the RFP and explain
7 the regulatory guidance used by the Office in developing our overall
8 recommendation. I will also introduce an additional witness who is testifying
9 on behalf of the Office. Finally, I will provide a summary of the Office's
10 analysis regarding the wind RFP including our response to the
11 Supplemental Testimony of Rocky Mountain Power (Company) witness
12 Rick T. Link which was filed on August 31, 2017.

13 **Q. PLEASE INTRODUCE THE OFFICE'S ADDITIONAL WITNESS.**

14 A. The Office has retained the firm of J. Kennedy and Associates to perform
15 analyses regarding the Company's proposed wind repowering and new
16 wind/new transmission projects. Mr. Philip Hayet will present in his
17 testimony the Office's detailed analysis and response to Mr. Link's
18 testimony on the adequacy of the Company's wind RFP.

19 **Q. WHAT IS THE OFFICE'S OVERALL RECOMMENDATION ON THE**
20 **COMPANY'S WIND RFP?**

21 A. The Office recommends that the Utah Public Service Commission
22 (Commission) reject the current version of the Company's wind RFP. While
23 the Company has addressed most of the flaws outlined in the Office's

24 August 18, 2017 Reply Comments¹, one major flaw still remains. As
25 explained below and in Mr. Hayet's testimony, the RFP is not compliant with
26 either the Utah Energy Resource Procurement Act or with Commission
27 Rules because it restricts resource selection to only wind in Wyoming.
28 Therefore, the RFP cannot be found to be in the public interest.

29 **Q. WHAT REGULATORY GUIDANCE HAS THE OFFICE RELIED ON TO**
30 **REACH THIS RECOMMENDATION?**

31 A. The Office primarily relied on the guidance provided by statute and four
32 specific subsections of the Commission's Rules dealing with solicitation
33 processes.

34 Utah Code § 54-17-201 (2)(c)(ii) specifically lists items to be taken
35 into consideration in making a public interest determination. These include:

36 *(A) whether it will most likely result in the acquisition,*
37 *production, and delivery of electricity at the lowest*
38 *reasonable cost to the retail customers of an affected*
39 *electrical utility located in this state;*

40
41 *(B) long-term and short-term impacts;*

42
43 *(C) risk;*

44
45 *(D) reliability*

46
47 *(E) financial impacts on the affected electrical utility; and*

48
49 *(F) other factors determined by the commission to be relevant.*

¹ See: <https://pscdocs.utah.gov/electric/17docs/1703523/296065OCSReplyComm8-18-2017.pdf>

50 The Commission's rule R746-420-3(1)(b) implements the Energy
51 Procurement Act with the following RFP design requirements: "A proposed
52 Solicitation and Solicitation Process must be reasonably designed to:

53 *(i) Comply with all applicable requirements of the Act and*
54 *Commission rules;*

55
56 *(ii) Be in the public interest taking into consideration:*
57 *(A) whether they are reasonably designed to lead to the acquisition,*
58 *production, and delivery of electricity at the lowest reasonable cost*
59 *to retail customers...;*

60
61 *(iii) Be sufficiently flexible to permit the evaluation and selection of*
62 *those resources or combination of resources determined by the*
63 *Commission to be in the public interest;*

64
65 *(iv) Be designed to solicit a robust set of bids to the extent*
66 *practicable; and..."*

67
68

69 **Q. DOES THE CURRENT VERSION OF THE COMPANY'S WIND RFP**
70 **COMPLY WITH THE REQUIREMENTS PROVIDED BY STATUTE AND**
71 **COMMISSION RULES LISTED ABOVE?**

72 A. No. As explained in detail in the testimony of Mr. Hayet, the RFP is
73 designed to restrict bids to only wind projects that can deliver power in
74 Wyoming and this design disregards the requirements of the Utah Energy
75 Procurement Act and Commission Rules.

76 **Q. OFFICE WITNESS PHILIP HAYET COMPLETED A DETAILED**
77 **ANALYSIS OF THE ADEQUACY OF THE RFP DESIGN AND HAS**
78 **RESPONDED TO THE TESTIMONY OF COMPANY WITNESS MR. LINK.**
79 **PLEASE PROVIDE A SUMMARY OF THE FINDINGS OF MR. HAYET.**

80 A. A summary of Mr. Hayet's findings is as follows:

- 81 • The Oregon Commission's conditional approval of the RFP is not
82 relevant to this proceeding.
- 83 • None of the revisions made by the Company to the draft RFP address
84 the Utah Commission's concerns about allowing non-Wyoming
85 resources to participate.
- 86 • The additional information filed with Mr. Link's supplemental testimony
87 contains no new evidence showing that new Wyoming wind is superior
88 to new resources in other locations.
- 89 • The Company's IRP analysis did select Idaho wind in some cases and
90 the Company did not attempt to refine its assumptions for Idaho wind as
91 it did for Wyoming wind.
- 92 • The Company has contracted with over 850 MW of solar QFs in Utah
93 and has over 4,800 MW of interconnection requests for solar projects in
94 Utah which suggests that there may be cost effective resources other
95 than wind in Wyoming.
- 96 • The 2016R RFP cannot provide evidence of the economic superiority of
97 Wyoming wind because it only considered renewable projects on the
98 west side of the Company's system and did not evaluate any projects
99 from Utah, Idaho or Wyoming.

100 **Q. IF THE COMMISSION APPROVES THE COMPANY'S RFP, DOES THIS**
101 **ASSURE THAT THE COMPANY WILL BE ALLOWED COST RECOVERY**
102 **OF ANY RESOURCES SELECTED?**

103 A. As I understand the Energy Procurement Act, the Commission's approval
104 of the RFP does not also address cost recovery in any way. To that point,
105 the Company has already filed in Docket No. 17-035-40 to request
106 preapproval of new Wyoming wind resources (and associated new
107 transmission) that it anticipates will be the only resulting resource from the
108 RFP. If the Commission allows the current flawed RFP to move forward,
109 the Office and other stakeholders will need to carry their analyses of RFP

110 design flaws in this proceeding, i.e. whether the outcome provides the
111 lowest reasonable cost resources, forward to the 17-035-40 docket as well.

112 However, the Office recommends that the Commission require the
113 Company to further redesign the RFP now rather than delay the evaluation
114 of whether the resources resulting from the RFP provide the lowest
115 reasonable cost for retail customers. The Office understands that there is
116 currently an opportunity to acquire cost-effective renewable resources that
117 qualify for tax credits – particularly wind and solar resources. A properly
118 redesigned RFP that is allowed to examine and select the best of all
119 potential tax credit eligible resources for the benefit of Utah ratepayers
120 would be in the public interest.

121 **Q. PLEASE RESTATE THE OFFICE'S RECOMMENDATION ON THE**
122 **CURRENT VERSION OF THE COMPANY'S WIND RFP.**

123 A. Unless the Company redesigns the RFP to allow any renewable resource
124 that can connect anywhere to the Company's System to bid into the RFP,
125 the Office recommends that the Commission reject the Company's RFP.
126 The restriction to only allow Wyoming wind will not allow the RFP to meet
127 its statutory requirement to be "*...designed to lead to the acquisition,*
128 *production, and delivery of electricity at the lowest reasonable cost to retail*
129 *customers...*".

130 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

131 A. Yes it does.