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BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of PacifiCorp d/b/a Rocky Mountain Power’s Request for a Declaratory Ruling regarding Allocation of Interconnection Costs under the Public Utility Regulatory Policies Act.))	Docket No. 17-035-25
))	Comments of the
))	Office of Consumer Services
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In response to the Request for a Declaratory Ruling filed by PacifiCorp d/b/a Rocky Mountain Power (“Rocky Mountain Power” or “Company”) on May 1, 2017, and the Utah Public Service Commission’s (“Commission”) Notice of Filing and Comment Period, issued on May 2, 2017, the Office of Consumer Services (“Office”) hereby provides the following comments.

In its Request for a Declaratory Ruling, Rocky Mountain Power seeks clarification and direction concerning policies associated with the connection of Qualified Facilities (“QFs”) under the Public Utility Regulatory Policies Act of 1978 (PURPA). In support of the development of cogeneration and renewable energy resources, PURPA established a “must purchase obligation” for regulated utilities to purchase energy being produced by QFs at a rate equal to the utility’s avoided cost, described as “the incremental cost to the electric utility of

electric energy or capacity or both which, BUT FOR the purchase from the QF or QFs, such utility would generate itself or purchase from another source.”¹ 18 C.F.R. § 292.101(b)(6).

Consistent with the federal enactment of PURPA, the state of Utah has provided legislation that also supports the development of new sources of electrical energy embracing avoided cost purchase requirements. Utah Code Ann. §§ 54-12-1 - 54-12-3.

Federal statutes and regulations provide guidance related to QF non-discriminatory access to accommodate the sale of energy to electric utilities. Specific policies or procedures governing avoided costs rates and ensuring that the connection of new energy sources are implemented consistent with public policy have been left to state public service commission oversight and resolution. *FERC v. Mississippi*, 456 U.S. 742, 751 (1982); and *Power Resources Group v. PCU of Texas*, 422 F.3d 231, 238 (5th Cir. 2005).

Because the analysis used to arrive at an avoided cost rate is primarily derived from the information associated with resources already existing within the Company’s energy portfolio that may now be replaced, possible costs associated with a new energy source that would require access via a constrained transmission path do not come into play in establishing an avoided cost rate. In fact, such costs would not be known until after the interconnection study and would also be unknowable to the merchant side of Rocky Mountain Power to attempt to incorporate into avoided cost modeling. This situation should be distinguished from the circumstance where Rocky Mountain Power has existing resources that utilize the same transmission paths as a new QF, thus providing an option that can be quantified in avoided cost calculations, i.e. measuring

¹ The “must purchase obligation” specifically relates to those generators who qualify themselves as QF. For generators who are not seeking to sell their power to the local utility, but are merely trying to access the interstate power grid and secure rights to become a user of a transmission system to facilitate the sale of their energy to other (not local utility) purchasers, FERC policies exist governing both initial interconnections to the grid and use of transmission systems as it relates to costs and possible upgrades to transmission facilities.

the cost of backing down existing resources to allow QF energy to flow. See, *In re PacifiCorp*, 151 FERC ¶ 61,170 (2015) (where PacifiCorp was allowed by FERC to accept new QF generated energy by backing off other energy commitments managed within the utility's energy portfolio notwithstanding some transmission constraints).

In *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 1993 WL 285371 at 25, 64 FERC ¶ 61,139 *clarified*, 65 FERC ¶ 61,081 (1993), FERC reaffirmed its decision in *Western Massachusetts Electric Company*, 1992 WL 8286259, FERC ¶ 61,091 *reh'g denied*, , 61 FERC ¶ 61,182 which “held that the states have exclusive jurisdiction over direct interconnection between a QF and the public utility which purchases its power.” In assuming responsibilities related to interconnections, this Commission has recently reaffirmed that a utility has the “obligation to make necessary interconnections with a QF, the costs of which, as approved by the Commission, are to be paid by the QF.” *In the Matter of Blue Mountain Power Partners, LLC's Request that the Public Service Commission of Utah Require PacifiCorp to Provide the approved Price for Wind Power for the Blue Mountain Project*, 2012 WL 5285681, Docket No. 12-2557-01, (Utah P.S.C).² Rocky Mountain Power's Schedule 38 tariff embraces the policy of having a QF pay for interconnection costs, stating: “the QF project owner is responsible for all interconnection costs assessed by the Company on a nondiscriminatory basis” as those costs would relate to “the physical interconnection of the project to the Company's transmission or distribution system.”³

² See also, *In the Matter of Public Utility Commission of Oregon*, Order No. 10-132, at 3 (2010) (finding: “that Interconnection Customers are responsible for all costs associated with network upgrades unless they can establish quantifiable system-wide benefits at which point the interconnection Customer would be eligible for direct payments from the Transmission Provider in the amount of the benefit.”)

³ In dealing with QF requests for service, the Office understands that each factual situation must be carefully considered. Ultimately, decisions on particular costs related to specific requests for service by a QF must be determined on a case-by-case basis.

In order for the Commission to ensure that the QF project owner pays all interconnection-related costs, the Commission needs to clarify that such costs include all costs necessary to connect to the system on a firm basis as a Network Resource. This includes two categories of interconnection costs as described by the Company – costs associated with a request for energy resource (ER) service (providing a simple interconnection to the power grid) and costs associated with a request for network resource (NR) services (providing the necessary interconnection to interface with the system as a network resource). The interconnection costs are distinguishable from costs that may be identified in studies associated with the utility’s designation of the QF as a network resource.

The Commission has the responsibility to carefully balance various public interest policies. Those policies include the public interest in supporting the development of renewable resources, as enunciated in PURPA. They also include the policies that support the development of new sources of electric energy as set forth by the State legislature. Public interest policies also include those identified by this Commission in prior proceedings where the Commission has consistently held that the rates of Rocky Mountain Power’s customers should remain indifferent with respect to the utility’s purchase of power from QFs. *See In the Matter of Rocky Mountain Power’s Proposed Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities*, 2014 WL 7771927, Docket No. 14-035-55, 14-035-T04, Order on Review, (Utah P.S.C. December 30, 2014); *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*, 2012 WL 6770997, Docket No. 12-035-100, Order on Motion to Stay (Utah P.S.C. December 20, 2012); and *In the Matter of the Petition of Spring Canyon LLC*,

2005 WL 994730, Docket No. 05-035-08, 05-035-09, 03-035-14, Report and Order, (Utah P.S.C. April 1, 2005.)

The Office, operating under a legislative mandate to advocate positions most advantageous to residential consumers and small commercial consumers,⁴ strongly encourages this Commission to continue to advance policies that will preserve and protect the customer indifference standard when addressing the issues related to interconnection cost responsibility. The Office submits that the customer indifference standard should guide the Commission in dealing with these issues.

DATED June 1st, 2017

Respectfully submitted,
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⁴ Utah Code Annotated, § 54-10a-301.

Certificate of Service

Docket No 17-035-25

I hereby certify that on June 1, 2017, a true and correct copy of the foregoing was served by electronic mail to the following:

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/s/ Béla Vastag

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