

Glen Canyon Solar Data Request 1.6

On pages 17-18 of the Motion to Dismiss, you state that “the Company requested FERC approval to modify its FERC-jurisdictional NOA to permit the Company’s merchant function . . . to choose *not* to construct and charge customers for these FERC-jurisdictional transmission-driven network upgrades. If the Company’s merchant function chooses this option, however, it must limit the operation of its resources through redispatch (or backing down of generation resources) within its existing transmission rights, with QF schedules limited last.” Please state whether this “redispatch (or backing down of generation resources) within its existing transmission rights” with respect to energy purchased from a Utah QF is different from the adjustments in generation resources Rocky Mountain Power utilized to provide avoided cost pricing to that QF and, if so, please explain how it is different and state all facts supporting your statement that they are different.

Response to Glen Canyon Solar Data Request 1.6

PacifiCorp objects to this request as vague, ambiguous, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, PacifiCorp provides the following response:

Yes. The redispatch allowed under the network operating agreement (NOA) between PacifiCorp’s merchant function and PacifiCorp’s transmission function is different from the “adjustments in generation resources” made by the Generation and Regulation Initiative Decision Tool (GRID) in modeling avoided cost pricing.

Redispatch under the NOA is related to the network transmission service that PacifiCorp’s merchant function (energy supply management or ESM) takes from PacifiCorp’s transmission function to deliver its designated network resources (DNR) to its designated network loads on a firm basis and in accordance with Federal Energy Regulatory Commission (FERC) policies. Generally speaking, DNRs include owned resources or power purchase agreements (PPA). The redispatch permitted under the NOA amendment allows ESM to back down specific resources on specific transmission paths during actual operations to ensure that ESM meets its must-purchase obligations under the Public Utility Regulatory Policies Act (PURPA) while operating within its existing transmission rights. Section 8.1 of the NOA states that the network transmission customer (i.e., PacifiCorp ESM) “will prioritize its scheduled dispatch of the [DNRs] in the constrained area such that schedules of non-PURPA “must-take” resources will be limited before the schedules of any PURPA “must-take” resources, to the extent feasible in accordance with Good Utility Practice, in order to allow PURPA “must-take” power to flow while still maintaining schedules within any transmission limits identified by the Transmission Provider in the constrained area”.

PacifiCorp’s avoided cost pricing is determined by comparing a GRID run without the qualifying facility (QF) added to the system and one run with the QF added to the system.

All QFs on the system are modeled as “must-take” resources, but the model assumes the QF can be delivered to load using ESM’s existing transmission rights without regard to whether or not network upgrades are required to either interconnect or deliver the QF’s power to load (or both). GRID does not model the redispatch of ESM’s resources under the NOA amendment (meaning specific resources on specific paths). Instead, GRID economically dispatches the system as a whole based on the information known to be true at that point in time, including known transmission rights. PacifiCorp has modeled QF avoided cost pricing using existing transmission rights (without regard to whether the QF power can *actually* be delivered using those rights) since long before FERC approved the NOA amendment because the transmission facilities necessary to interconnect and deliver a QF’s power are not known at the time indicative pricing is provided. Given the “must-take” nature of QF power, and without the data required to be able to model changes to the transmission system needed to interconnect and deliver a QF’s power, PacifiCorp must assume the power is produced and delivered to load using the existing transmission system. GRID’s economic dispatch of the system as a whole with and without the QF is not the same as modeling ESM’s back down of a specific DNR to accommodate QF power on a specific transmission path.

The avoided cost calculation assumptions are significantly broader than just the redispatch priorities related to DNRs delivered to network load using PacifiCorp ESM’s network transmission service rights. GRID reflects a broader, system-wide view related to the economic optimization of the dispatch of both network and non-network resources. Non-network resources might include, for example, short-term power purchases delivered using point-to-point (PTP) transmission service. The avoided cost calculation also incorporates redispatch related to the operating reserves necessary to ensure the reliable operation of the transmission system, rather than just transmission capacity necessary to serve load. To the extent resources are holding operating reserves, transmission capacity may appear to be available in GRID; however, that transmission capacity must remain available to allow for delivery of operating reserves during reliability events.

The avoided cost calculations contained in GRID are also based on expected resource output and availability. For instance, solar resources rarely if ever operate at their expected maximum output, but instead are represented in GRID as 12x24 shapes, with a single typical day for each month of the year. In reality, solar resources are expected to output up to their interconnection limit, and their transmission service requests reflect that maximum output. As a result, resources that appear to be deliverable in GRID may not be deliverable in all hours in reality.