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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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| In the Matter of the Application of Rocky Mountain Power for Approval of Power Purchase Agreement between Rocky Mountain Power and Glen Canyon Solar A, LLC | Docket No. 17-035-26 |
| In the Matter of the Application of Rocky Mountain Power for Approval of Power Purchase Agreement between Rocky Mountain Power and Glen Canyon Solar A, LLC | Docket No. 17-035-28 |

**REDACTED REPLY COMMENTS OF GLEN CANYON SOLAR**

Glen Canyon Solar A, LLC and Glen Canyon Solar B, LLC ("Glen Canyon Solar") hereby submit these Comments in response to the Action Request Response filed by the Division of Public Utilities ("Division") on September 22, 2017 in this docket.

The Division has concluded that it cannot support approval of the two Glen Canyon Solar PPAs in these dockets given what it fears is a "material omission in the

Company's pricing model."[1] Glen Canyon Solar submits that, in reaching that conclusion, the Division has misunderstood testimony filed by Rocky Mountain Power ("RMP") in Docket 17-035-36 (the "Interconnection Docket"). In fact, the Commission-approved avoided cost methodology considers and incorporates all appropriate cost and price implications of transmission constraints on the PacifiCorp system. Moreover, even if the Division had identified a flaw in the Commission-approved methodology, that flaw should be addressed in an appropriate future proceeding and corrected on a prospective basis. Glen Canyon Solar respectfully submits that it would be unfair, inappropriate and unlawful to apply a change to the Commission-approved methodology retroactively to signed PPAs with pricing produced by the Commission's approved methodology.

**1. The Commission-approved avoided cost pricing methodology used for the Glen Canyon Solar QF projects includes and reflects all cost implications of transmission constraints on PacifiCorp's system.**

The Division's concern regarding an alleged "material omission" in RMP's Commission-approved pricing methodology appears to stem primarily from testimony filed by RMP witness Daniel MacNeil in the Interconnection Docket. Glen Canyon Solar contends in that docket that a proper interconnection study for its QF projects must reflect the implications of RMP's use of available transmission rights, including the redispatch of certain other generation resources when necessary, in purchasing and delivering the output of the Glen Canyon Solar QF projects.

PacifiCorp's prefiled testimony in the Interconnection Docket mischaracterizes Glen Canyon Solar's position. For example, Mr. MacNeil claims that Glen Canyon Solar contends that the assumptions used in the avoided-cost pricing model dictate that RMP

[1] See Division Action Request Response at 6 (September 22, 2017) (the "Division Response").

must use the NOA amendment to avoid interconnection costs for Glen Canyon Solar.[2] That, however, is not Glen Canyon Solar's position in the Interconnection Docket. Rather, as has been repeatedly clarified, its position is that PURPA, Schedule 38, and fair and non-discriminatory treatment of Glen Canyon Solar require PacifiCorp to assume the use of available resources to avoid unneeded and uneconomic deliverability-driven network upgrades in its interconnection studies.

Glen Canyon Solar's testimony in the Interconnection Docket demonstrates that ample transmission rights exist for RMP to deliver the Glen Canyon Solar QF resources to load. In addition to those rights, RMP's ability to redispatch certain other generating facilities in order to utilize the QF resources also facilitates delivering the output to load. Glen Canyon Solar has shown in the Interconnection Docket that this type of redispatch is fully consistent with the redispatch of resources assumed in the avoided cost pricing model, given the location of relevant resources and all relevant transmission constraints.

In responding to Glen Canyon Solar's testimony relating to certain agreements with Arizona Public Service Company ("APS"), Mr. MacNeil stated that the avoided cost pricing methodology is not sufficiently nuanced or detailed to incorporate specific details of the APS agreements. However, Mr. MacNeil emphasized that a level of granularity necessary to incorporate all such details "is not necessary" for avoided cost pricing purposes.[3] Also, earlier in his testimony, Mr. MacNeil had explained his argument by noting that the avoided-cost pricing model assumptions determine savings from backing down other PacifiCorp resources, but that they are "not intended to model actual

[2] *See* Docket 17-035-36, Direct Testimony of Daniel J. MacNeil, page 10, line 214 – page 11, line 241 (August 31, 2017) ("MacNiel Direct").
[3] MacNeil Direct, page 12, lines 274-277.

transmission availability from a legal or technical perspective."[4]

In other words, Mr. MacNeil is not claiming that there are avoided cost pricing implications of the APS agreements that are not captured in the model, but rather that there are non-price legal and technical aspects of those agreements that are not, and need not be, included in avoided cost models. That issue will be addressed in the Interconnection Docket. However, Glen Canyon Solar's testimony in that docket shows that PacifiCorp is incorrect in claiming that the APS agreements present any legal or technical obstacles to RMP's ability to use and deliver to its loads the Glen Canyon Solar resources.[5] As discussed in the Surrebuttal Testimony of Keegan Moyer, filed on October 2, 2017 in the Interconnection Docket, data produced by Rocky Mountain Power shows that, pursuant to the APS agreements, APS has scheduled power to be delivered on the Glen Canyon to PACE transmission path on only [redacted] in the last five years.[6] The APS agreements do not present an obstacle to the delivery of the output of the Glen Canyon Solar QF projects and the cost of that delivery is not—and should not be—included in the avoided cost pricing for those projects. This [redacted] operating event is not consistent with normal system conditions and thus, it should not be reflected in avoided-cost modeling in the same way that unforeseen transmission line

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[4] MacNeil Direct, page 11, line 251 – page 12, line 257.

[5] APS holds a call option that allows it to require PacifiCorp to deliver up to 100 MW of power across the PacifiCorp Transmission system from *either* the Four Corners or the Glen Canyon substations to Idaho. That agreement certainly does not require PacifiCorp, in order to satisfy a 100 MW obligation, to at all times hold open 195 MW of firm transmission rights—100 MW on the Four Corners to PACE path and 95 MW on the Glen Canyon to PACE path. Indeed, it would be highly wasteful, unnecessary and imprudent for PacifiCorp to do so and, more importantly, the APS agreements contain no language purporting to require the same. Moreover, Glen Canyon Solar's testimony in the Interconnection Docket confirms that available transmission rights permit PacifiCorp to meet its obligations to APS and to utilize the Glen Canyon Solar resources in all hours.

[6] *See* 1st Supplemental Response to Glen Canyon Solar Data Request No. 5.2, attached as Confidential Exhibit 1.

outages or other non-standard reliability or commercial events are not and should not be accounted for.

No PacifiCorp witness has claimed or suggested that there are cost implications of the Glen Canyon Solar projects that are not, but that should be, included in the avoided cost pricing model. It is not clear the extent to which PacifiCorp may be disputing Glen Canyon Solar's showing that the APS agreements do not present an obstacle to RMP's use of the Glen Canyon Solar QF resources without requiring deliverability-related network upgrades, but to the extent RMP is challenging that position it will be dealt with in the Interconnection Docket.

RMP's testimony confirms that, while avoided energy and capacity costs are properly determined in avoided cost pricing models, interconnection and transmission costs are dealt with elsewhere. There is thus no issue whether the avoided cost models properly determined avoided energy and capacity costs for these projects. Rather, the dispute is over whether PacifiCorp can properly include the cost of unnecessary and avoidable delivery-related network upgrades as interconnection costs to be assigned to Glen Canyon Solar.

Beyond the misunderstanding discussed above, the Division's comments confirm that the avoided cost pricing for the Glen Canyon Solar PPAs is consistent with the approved methodology, and that their terms are consistent with Schedule 38 and other approved PPAs. Therefore, Glen Canyon Solar respectfully submits that the PPAs should be approved.

### 2. Perceived shortcomings of the approved avoided cost pricing methodology cannot be addressed or applied retroactively to signed PPAs properly priced under the currently-effective Commission-approved methodology.

Even if the Division continues to believe that the Commission-approved avoided cost pricing methodology may not fully address all relevant issues, those concerns should be addressed and resolved in an appropriate docket on a prospective basis, and should not be applied retroactively to the Glen Canyon Solar PPAs. Glen Canyon Solar respectfully submits that it would be contrary to applicable law and the public interest, as well as extremely unfair to Glen Canyon Solar, not to approve the Glen Canyon Solar QF PPAs based on perceived shortcomings in the approved model. Glen Canyon Solar has spent significant time and money developing these QF projects in reasonable reliance upon the indicative pricing provided by RMP, which the Division acknowledges was calculated consistent with the Commission-approved methodology. It would thus be unfair and unlawful to now retract this pricing for the Glen Canyon Solar QF projects.

Commission-approved utility tariffs, rates and methodologies can properly be changed only on a prospective basis, after notice is provided to affected parties, a proper record is developed, hearings are held, and all affected parties have been given a chance to weigh in. Even if the Division believes that reconsideration of the existing methodology is appropriate based on changed circumstances or new information, any changes can properly be applied only prospectively to contracts that have not yet been signed.

Similar issues arose in 2012, when RMP proposed changes to the then-applicable pricing methodology for Utah QF wind resources in Docket 12-035-100. RMP claimed that the avoided cost pricing methodology for wind (which utilized a market proxy) no longer produced reasonable results.[7] RMP asked for an immediate stay of the applicable wind pricing methodology, citing concerns that customers were at risk of higher prices than were warranted.

Notably, while the Division supported re-evaluation of the avoided cost methodology, it opposed RMP's requested stay with respect to QF projects that had complied with applicable Schedule 38 requirements.[8] Division witness Charles Peterson supported retaining the then-applicable avoided cost pricing methodology for any wind resource that had already applied for an interconnection agreement and that signed a PPA within the next several months.[9] In its Order on Motion to Stay Agency Action dated December 20, 2012, the Commission rejected the requested stay, put parties on notice that developers without signed PPAs by the following summer might be subject to a new methodology, and noted that the existing market proxy method "had operated for about seven years without objection filed with the Commission. Under such circumstances, abruptly staying the Market Proxy method's further use without a full evidentiary proceeding would be an extreme response requiring more than conjecture of possible harm."[10]

Glen Canyon Solar respectfully submits that, as with the developers who had reasonably relied upon the wind market proxy method in 2012, Glen Canyon Solar has reasonably relied upon the current avoided cost pricing methodology, and upon the

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[7] *See* RMP's *Request for Approval of Changes to Renewable Avoided Cost Methodology and Motion to Stay Agency Action*, Docket 12-035-100, October 9, 2012.
[8] *See Division of Public Utilities' Response and Answer to Rocky Mountain Power's Request for Approval of Changes to Renewable Avoided Cost Methodology and Motion to Stay Agency Acton,* Docket 12-035-100, October 24, 2012.
[9] *See* Rebuttal Testimony of Charles E. Peterson, DPU Exhibit 1.0, lines 24-32, Docket 12-035-100, November 30, 2012.
[10] *See* Order on Motion to Stay Agency Action at 14, 18, Docket 12-035-100, December 20, 2012.

resulting avoided cost prices. Even if the Division continues to be concerned that the methodology may not sufficiently capture all implications of transmission constraints under some circumstances, it should not affect these PPAs. Glen Canyon Solar has reasonably relied upon the Commission-approved avoided cost methodology, has secured a signed PPA, and has requested interconnection agreements. Any changes to the approved methodology may be appropriate for future application, but not as to Glen Canyon Solar.

DATED this 2nd day of October 2017.

HATCH, JAMES & DODGE

*/s/ Phillip J. Russell*_____________
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CERTIFICATE OF SERVICE
**Docket No. 17-035-26; 17-035-28**

I hereby certify that a true and correct copy of the foregoing was served by email this 2nd day of October 2017 on the following:

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