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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	DOCKET NO. 17-035-T07
In the Matter of Rocky Mountain Power's 2017 Avoided Cost Input Changes Quarterly Compliance Filing	DOCKET NO. 17-035-37

REBUTTAL TESTIMONY OF KATE BOWMAN
ON BEHALF OF
UTAH CLEAN ENERGY

DATED this 21st day of November, 2017

Sophie Hayes
Attorney for Utah Clean Energy

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Kate Bowman. My business address is 1014 2nd Ave, Salt Lake City, Utah
4 84103.

5 **Q. Are you the same Kate Bowman that provided direct and rebuttal testimony in this**
6 **docket?**

7 A. Yes

8 **Q. On whose behalf are you testifying?**

9 A. I am testifying on behalf of Utah Clean Energy.

10 **Q. What is the purpose of your sur-rebuttal testimony?**

11 A. I will respond to the rebuttal testimonies of other intervenors in this docket, specifically
12 Rocky Mountain Power (the Company) and the Division of Public Utilities (Division).

13 **Q. Please summarize your conclusions and recommendations.**

14 A. First, I reiterate that the Company's proposed changes to the methodology used to
15 calculate avoided cost pricing for Schedule 37 projects are not warranted. The burden of
16 proof is on the utility, and the Company has not adequately demonstrated that applying
17 the Schedule 38 methodology to Schedule 37 is necessary. Second, the Company's
18 description of the Schedule 38 queue in rebuttal testimony illustrates the unreasonable
19 nature of including Schedule 37 projects in the Schedule 38 queue. I recommend that no
20 changes be made to Schedule 37 at this time, except for the adjustment to Schedule 37
21 rates to account for avoided line losses I proposed in direct testimony.

22 **A. Have any parties provided new information or perspectives on the Company’s**
23 **proposal to calculate avoided cost pricing for Schedule 37 projects using the**
24 **Schedule 38 methodology?**

25 **Q.** No, although the Company asserts that their proposal “is supported by OCS”¹ when in
26 fact OCS has not provided any testimony responsive to this particular issue in this docket.

27 **Q. How does the Company’s description of recent changes to the Schedule 38 queue**
28 **support your assertion that it is unreasonable to include Schedule 37 projects in this**
29 **queue?**

30 **A.** In rebuttal testimony, the Company describes significant changes to the projects included
31 in the QF queue over a period of less than three months. The impact of these changes is
32 illustrated in Mr. MacNeil’s rebuttal testimony in Figure 1R. This figure reveals a
33 fundamental issue with the queue in general: when a potential QF project is placed in the
34 queue and receives indicative pricing, it is unknown whether the preceding projects in the
35 queue will actually be built, yet the potential project receives indicative pricing that
36 assumes all preceding projects in the queue will be built.

¹ The Company appears to misstate the Office’s position, noting “*The Company’s proposal to apply the Schedule 38 methodology to Schedule 37 rates is generally supported by OCS and DPU, with the exception of the implementation of the QF queue*” (rebuttal testimony of Dan MacNeil lines 52-54) and “*OCS and DPU generally support the Company’s proposal to use the Schedule 38 methodology for Schedule 37 rates, but express concerns related to the application of the potential QF queue*” (rebuttal testimony of Dan MacNeil lines 437-439). The Office does not take a position on the Company’s proposal to apply the Schedule 38 methodology to Schedule 37 rates in testimony in this docket.

37 The Company notes that on May 30, 2017 the QF queue included potential resources
38 totaling 3,968 MW of nameplate capacity.² On August 17, 2017, less than three months
39 later, projects representing more than half of the total nameplate capacity had signed
40 contracts or dropped out of the queue, which reduced the queue of potential resources to
41 1,436 MW of nameplate capacity.³ A Schedule 37 QF that signed a contract based on the
42 May 30 queue would have received unfairly low pricing, since only a portion of the
43 preceding projects were actually completed. This demonstrates that incorporating
44 Schedule 37 projects into the queue will result in artificially low avoided cost pricing for
45 these small QF projects. Including Schedule 37 projects in the queue is more likely to
46 result in missed opportunities for ratepayers to access low-cost, low-risk energy from
47 small QF projects than it is to result in avoided cost pricing that is too high.

48 The queue is appropriate for Schedule 38 projects, because an 80 MW QF project does
49 have an impact on the Company's future avoided costs and it is reasonable to adjust
50 pricing for subsequent projects accordingly. In the case of Schedule 37 projects, the
51 impact of a single 3 MW QF on avoided costs for subsequent projects is significantly
52 smaller and so it is appropriate to provide indicative pricing that is updated on a regular
53 basis, as is currently done.

54 Finally, the developer of a small Schedule 37 project may not have the sophistication or
55 resources to negotiate the time-intensive and complex process of obtaining avoided cost

² Rebuttal Testimony of Daniel MacNeil, lines 466-467.

³ Rebuttal Testimony of Daniel MacNeil, lines 468-472.

56 pricing through the Schedule 38 queue. It is unfair to subject Schedule 37 QF projects to
57 pricing based on a queue of potential projects that is constantly changing.

58 **Q. Based on the Company's updated description of projects currently in the Schedule**
59 **37 queue, what is the risk that ratepayers are paying too much for small QF**
60 **projects?**

61 A. As noted in my previous testimony, there is an annual cap of 25 MW for Schedule 37
62 projects. 25 MW represents just 0.6% of the total nameplate capacity in the May 30
63 queue, or 1.7% of the August 17 queue, so the magnitude of the potential impact to
64 ratepayers due to Schedule 37 QF projects is very small. In practice, Schedule 37 projects
65 have not even reached the annual capacity cap. The actual capacity of Schedule 37
66 projects built in 2016 was 12.2 MW⁴, and none have been completed to date in 2017.

67 **Q. How do you respond to the Company's claim that the current GRID/Proxy**
68 **methodology does not accurately reflect the generation profiles of wind and solar**
69 **resources and fails to account for the benefits associated with dispatching a thermal**
70 **resource up or down in response to resource needs and market prices (lines 549 –**
71 **558)?**

72 A. While it may be reasonable to consider improvements to the way avoided costs are
73 calculated for Schedule 37 renewable resources, the Company's proposal to apply the
74 Schedule 38 methodology to Schedule 37 projects is not reasonable because it unfairly

⁴ These totals are calculated based on Rocky Mountain Power response to UCE data request 2.1, Docket No. 17-035-16, attached to UCE's rebuttal testimony as UCE Exhibit KB-1.

75 burdens small QFs with transactional costs and pricing penalties that are disproportionate
76 to the size of their projects. Furthermore, the Company's proposed changes to the
77 Schedule 38 methodology are also unreasonable and insufficiently supported, as
78 described in the testimony of Mr. Dragoon.

79 **Q. How do you respond to the Company's assertion that Schedule 37 projects**
80 **connected to the distribution system may result in more line losses than connecting**
81 **the same resource to the transmission system?**

82 A. The Company does not provide a realistic example of a situation where a small QF
83 project produces surplus energy resulting in more line losses over the distribution system
84 than would be occurring if the project were connected to the transmission system. The
85 Division concurs with UCE's position that a small QF built within the distribution system
86 should be credited with the value of avoided transmission line losses.

87 **Q. What is the overarching principle behind the position of UC?**

88 The Company states that "Both the Coalition and UCE appear to be advocating for
89 renewable resource equivalence."⁵ Utah Clean Energy does not know what renewable
90 resource equivalence is; rather the purpose of UCE's testimony is to highlight ways in
91 which the Company's proposal is not just or reasonable. The Company's proposal creates
92 avoided costs that are too low (and therefore does not maintain ratepayer indifference),
93 and it discriminates against QFs of different resource types, as described by Mr. Dragoon.
94 If the Company wants to make changes to its pricing methods for either Schedule 37 or

⁵ Rebuttal testimony of Daniel MacNeil, lines 178 – 179.

95 38 QFs, it should demonstrate that its proposal is just and reasonable and complies with
96 PURPA.

97 **Q: Does that conclude your testimony?**

98 A: Yes.