

Mitch M. Longson
MANNING CURTIS BRADSHAW & BEDNAR PLLC
136 East South Temple, Suite 1300
Salt Lake City, Utah 84111
Telephone: (801) 363-5678
Facsimile: (801) 364-5678
mlongson@mc2b.com

Lisa Tormoen Hickey
Tormoen Hickey LLC
14 N. Sierra Madre
Colorado Springs, CO 80903
(719) 302-2142
lisahickey@newlawgroup.com
Counsel for the Interwest Energy Alliance

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE REQUEST OF ROCKY)
MOUNTAIN POWER FOR APPROVAL OF)
RESOURCE DECISION TO CONSTRUCT WIND) Docket No.17- 035-40
RESOURCE AND TRANSMISSION FACILITIES)

SUPPLEMENTAL ANSWER TESTIMONY OF GREGORY F. JENNER

FILED ON BEHALF OF
THE INTERWEST ENERGY ALLIANCE

March 2, 2018

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Gregory F. Jenner. My business address is Stoel Rives LLP, 601
4 13th Street NW, Suite 850 N, Washington, DC 20005.

5 **Q. BY WHOM ARE YOU EMPLOYED AND HOW ARE YOU RETAINED IN**
6 **THIS PROCEEDING?**

7 A. I am a partner in the law firm of Stoel Rives LLP. I am retained by the Interwest
8 Energy Alliance to provide expert testimony in this docket. I previously submitted testimony
9 responding to Rocky Mountain Power's response which was generally in support of the
10 application and related to the potential impacts of changing tax laws. Overall, Interwest
11 promotes prompt action by utilities and state commissions to review how low-cost utility-scale
12 wind and solar acquisitions eligible for the higher levels of production tax credits and investment
13 tax credits can benefit electricity consumers due to fuel cost savings, stable prices and
14 environmental benefits.

15 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

16 A. In this Supplemental Testimony I respond to some of the information presented in
17 the Second Supplemental Testimony related to the results of the solar request for proposals,
18 referred to as the "2017S RFP". If it is true that new solar acquisitions would also benefit Rocky
19 Mountain Power's electricity consumers in the long run, in addition to the new wind and
20 transmission resources, Interwest urges that the solar modeling be reviewed and thoroughly

1 vetted before this Commission so that final decisions can be made about acquiring the most cost-
2 effective solar projects.

3 **Q. PLEASE PROVIDE A SUMMARY OF YOUR PRIMARY CONCLUSIONS**
4 **AND RECOMMENDATIONS.**

5 A. I conclude that the investment tax credit and market forces have combined so that
6 developers are able to bring cost-effective solar projects to Utah. Rocky Mountain Power's
7 modeling reveals that consumers would benefit from early acquisitions out of the 2017S RFP.

8 **Q. WHAT PORTIONS OF ROCKY MOUNTAIN POWER'S**
9 **SUPPLEMENTAL TESTIMONY HAVE YOU REVIEWED?**

10 A. I reviewed the descriptions of the modeling of the solar bids, which were used to
11 produce sensitivity runs. This includes Rick Link's Corrected Second Supplemental Direct
12 Testimony filed February 23, 2018 ("Link Supplemental Testimony").

13 **Q. HOW DID ROCKY MOUNTAIN POWER FOCUS THEIR MODELING**
14 **OF THE SOLAR BIDS?**

15 A. Rocky Mountain Power has used the solar bids to develop sensitivities, mostly to
16 test whether they justify modification of Rocky Mountain Power's proposal to acquire new wind
17 and build new transmission ("Combined Projects"). The Link Supplemental Testimony
18 indicates that "[s]ensitivity analysis continues to show substantial benefits of the Combined
19 Projects persist when paired with PacifiCorp's wind repowering project and are not displaced
20 when considering the potential procurement of solar PPA bids submitted into the on-going RFP

1 for solar resources, the 2017S RFP.” Link Supplemental Testimony, at 2:42-45. In the
2 Supplemental filings, RMP updated the solar sensitivity to reflect the updated final shortlist from
3 the 2017R RFP to reflect the best-and-final pricing supplied by bidders participating in the
4 2017S RFP on February 1, 2018. These bids were refreshed in order to account for the Tax Cuts
5 and Jobs Act and the solar tariffs imposed by the Trump Administration in response to the ITC
6 decision and the Suniva/SolarWorld litigation outcomes.

7 **Q. WHAT CONCLUSIONS CAN BE DRAWN?**

8 A. At this point, the modeling results I have reviewed indicate that the Combined
9 Projects, together with the repowering proposals, are still the most cost-effective resource plan
10 portfolio, and are not displaced by the solar portfolio which was modeled by Rocky Mountain
11 Power. I have only relied on Rick Link’s Supplemental Testimony for these results.
12 Interestingly, the modeling also shows that added solar projects, in addition to the Combined
13 Projects, result in more savings than projected from the Combined Projects alone. Table 5-SD,
14 “Solar Sensitivity with Solar PPAs Included With the Combined Projects (Benefit)/Cost (\$
15 million),” reflects that the total benefits increase when adding new solar projects to the
16 Combined Projects portfolio. Link Supplemental Testimony, Table 5-SD, at 36:725. Rick
17 Link’s testimony indicates that in addition to the wind resource selections, the SO model selects
18 solar PPA bids, which would be a substantial amount of new solar power investment in Utah.

19

1 **Q. DOES THIS RESULT--COST SAVINGS FROM MORE RENEWABLE**
2 **INVESTMENTS--SEEM CREDIBLE TO YOU?**

3 A. Yes. At first glance it may be difficult to accept these results because in order to
4 put this resource plan in place, a significant amount of capital investment will be required.
5 Therefore, for that investment to *save money* seems a bit counterintuitive. However, those of us
6 working in the area of renewable energy realize that utilities spend significant amounts on fossil
7 fuels to drive turbines to generate electricity. Renewable energy replaces these supply-side
8 resources with technology - fuel cost expenditures are replaced by capital investments.
9 Generally speaking, if the overall levelized cost of the solar power purchase agreement is lower
10 than the utility's applicable avoided cost, the result is overall savings. Therefore, when the
11 capital investments themselves are reduced on account of the beneficial tax incentive programs,
12 the fuel-cost savings over time can amount to substantial savings and relatively less expensive
13 operating costs over the long-term planning cycle. The energy investment tax credit provides an
14 approximate 30% reduction in capital investment costs, resulting in overall cost-savings over
15 time.

16 **Q. WHAT DO YOU RECOMMEND AS TO TIMING FOR FURTHER**
17 **DECISIONS RELATED TO THE SOLAR RFP?**

18 A. I recommend that the Commission act expeditiously to consider solar acquisitions
19 and not allow the 2017 RFPS bid results to go stale. The developers who submitted these bids
20 are effectively holding them open for the utility to use in modeling, assuming fairly prompt
21 decision-making. That means that if more than a few months pass after the short list is

1 announced, and an extended period follows thereafter without Commission approval to complete
2 contracting, costs and risks could increase substantially for bidders. In addition, the prices
3 reflected in these bids are likely premised on their eligibility for the 30% ITC and a “placed in-
4 service” date in 2021. The 30% ITC requires that construction be commenced before the end of
5 2019. Projects for which construction begins after 2019 are subject to a reduced ITC. Therefore,
6 it is extremely important that decision-making occur fairly soon to ensure that the projects are
7 eligible for the full 30% ITC and are placed in service within the time frame contemplated.
8 Interwest recommends that the Commission establish a reasonable timeline so that a short list
9 can be announced within a couple of months, and final decisions about these acquisitions to be
10 made before the end of 2018.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 **A.** Yes, it does.