

Steve Knudsen RFP Testimony  
UAE Exhibit 1.0  
UPSC Docket No. 17-035-23



**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF THE APPLICATION )  
OF ROCKY MOUNTAIN POWER FOR )  
APPROVAL OF SOLICITATION PROCESS )  
OF WIND RESOURCES )  
)

Docket No. 17-035-23

**RFP Testimony of F. Steve Knudsen**

**On Behalf of**

**Utah Association of Energy Users (UAE)**

**September 13, 2017**

356 establishing local area transmission plans as detailed in Attachment K of PacifiCorp's  
357 OATT. The most recent local area transmission plan for Southern Wyoming was a 2011  
358 study that recommended only \$400,000 in total system improvements, and notably did  
359 not identify any critical voltage issues.<sup>18</sup> PacifiCorp has never updated the 2011 Study or  
360 otherwise introduced a proposal for a 500 kV local transmission expansion project  
361 through the public Attachment K planning process required by PacifiCorp's OATT.

362 **Q. Do you have other concerns with the way in which PacifiCorp has pursued**  
363 **construction of these significant new wind and transmission resources without**  
364 **showing a need for them and without testing the market through a robust RFP?**

365 A. Yes. For example, it appears that, while regulators, ratepayers and potential  
366 competitors were not notified of PacifiCorp's plans until well into 2017, PacifiCorp was  
367 quietly developing plans, investing millions of dollars on wind assets to meet a "safe  
368 harbor" for federal production tax credits, acquiring wind sites, and submitting  
369 interconnection requests. Only a robust, fair RFP process open to renewable resources of  
370 different kinds and in different locations can now ensure that the process will be fair or  
371 the results appropriate.

372 In addition, while acquisition of billions of dollars of unneeded resources would  
373 create significant ratepayer risks, PacifiCorp projects only modest benefits, particularly  
374 over the 20-year evaluation horizon—the horizon used in the IRP and thus the only  
375 appropriate or comparable evaluation horizon. Indeed, PacifiCorp admits that even based  
376 on its own assumptions, the new wind and transmission resources will likely not be

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<sup>18</sup> See <http://www.oasis.oati.com/PPW/PPWdocs/Southern-Wyo-2011.pdf>.

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377 economical if natural gas prices remain low and CO<sub>2</sub> taxes are not high<sup>19</sup>—results that are  
378 certainly possible, if not probable. In addition, PacifiCorp’s proposal to purchase these  
379 significant long-term fixed-price renewable resources cannot be reconciled with the  
380 “fixed-price risk” arguments that PacifiCorp aggressively advanced in Docket 15-035-  
381 53.<sup>20</sup> PacifiCorp has offered no reasonable explanation for its sudden change of heart on  
382 this issue.

383 There are also remaining concerns over whether the benchmarks and PPAs can be  
384 evaluated on a fair and comparable basis as required by Commission Rule R746-420-  
385 3(8)(i). While some progress has been made with the help of the IE in addressing  
386 inherent differences in benefits and risks for benchmarks and PPAs, additional steps are  
387 still necessary, including eliminating any language in the RFP purporting to leave  
388 evaluations or results to PacifiCorp’ “sole discretion,” eliminating the proposed  
389 disqualification of bidders who have litigated or threatened litigation against PacifiCorp,  
390 and assigning benchmark bids cost responsibility for the proposed extensions of  
391 PacifiCorp’s 230 kV transmission system that are designed to support those benchmarks.

392 **Q. In conclusion, in your opinion has PacifiCorp justified its demand that it be**  
393 **permitted to acquire over \$1 billion in new Wyoming wind resources without first**  
394 **undergoing a comprehensive RFP process?**

395 A. No. The procurement process will be fundamentally unfair to Utah residents and  
396 ratepayers unless available low-cost solar and other resources are allowed to compete on

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<sup>19</sup> For example, see Table 4.2, page 24, 2017 IRP Energy Vision 2020 Update.

<sup>20</sup> For example, see Direct Testimony of Paul Clements, filed May 11, 2015 in UPSC Docket 15-035-53, lines 431-535, pages 21-25.

