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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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Date: May 7, 2018

Subject: Application of Rocky Mountain Power for Approval of the Renewable Energy Contract between PacifiCorp and the University of Utah and the Related Agreement with Amor IX, LLC – Docket 18-035-08. Office of Consumer Services Comments.

On March 23, 2018, Rocky Mountain Power (Company) filed with the Public Service Commission of Utah an Application requesting approval of a Renewable Energy Contract (Contract) between PacifiCorp and the University of Utah and the related Renewable Resource Contract (RRC) between the Company and Amor IX, LLC.¹ The Company states that the application is submitted in accordance with Utah Code Ann. §§ 54-17-801, 802, 802, 804 and 805 and Tariff Electric Service Schedule No. 32.² This is the first time the Company has brought forward an application under Schedule 32.

The renewable energy resource is a geothermal generation facility with an expected nameplate capacity of 20 MW that is located in Nevada. Thus, it meets the requirements of Schedule 32 to be a Renewable Energy Facility.

The Company requests approval of both the Contract and the RRC by June 15, 2018.

¹ For information purposes, the Company also included the University and Amor Renewable Energy Supply Contract, which does not require Commission approval.

² Schedule 32 was developed in order to implement Senate Bill 12, which was passed in its original form during the 2012 Utah legislative session and approved by the Commission in Docket No. 14-035-T02 on March 20, 2015.

In the Commission's Scheduling Order and Notice of Hearing issued on April 6, 2018, the dates for Comments and Responsive Comments were set as May 7 and May 14, 2018, respectively. These comments of the Office of Consumer Services (Office) are filed in accordance with that schedule.

Schedule 32 Purpose

Schedule 32 was conceived and designed to meet the needs of qualified Rocky Mountain Power customers³ who desired to receive all or a portion of their electricity from a Renewable Energy Facility. Schedule 32 was also designed to protect the Company's other ratepayers from any financial consequences that may result from those individual decisions.

The Company provides its view of how the Contract meets the requirements of Schedule 32 in the direct testimony of Mark Tourangeau provided with the Company's Application.

Office of Consumer Services Review of the Application

As the Office undertook its review of the Contract and the RRC our focus was on ensuring that ratepayers are protected from decisions made by parties choosing to receive their power through Schedule 32 and that the requirements of Schedule 32 are met.

The Office, Company and Division of Public Utilities (Division) met to review the terms of the Contract and RRC. The Office also issued data requests and had several phone calls with Company personnel to address questions that arose as our evaluation continued. The Company was accommodating in responding to our questions.

The Company was asked to clarify that nothing in the Contract and the RRC precluded regulators' ability to review and audit associated documents. The Company offered its assurance that regulators would have that ability.

The Office believes that the Contract and RRC meet the requirements of Schedule 32. Therefore, we will not address every component of Schedule 32 in this memo, but will point out a few areas where we recommend the Commission require future action.

Transmission Requirements

Schedule 32.10 C 5 b. reads:

“The Company must receive confirmation from PacifiCorp Transmission that the Renewable Energy Facility has been designated as a Network Resource pursuant to the Open Access Transmission Tariff and the Company must receive confirmation from PacifiCorp

³ Schedule 32 is applicable to Rocky Mountain Power Customers who would otherwise qualify for Schedules, 6, 8 or 9.

Transmission that the transmission service request has been granted in sufficient capacity to meet or exceed the maximum delivery rate under the contract.”

The Office issued Data Request 2.2 asking in part, if PacifiCorp’s transmission function had determined whether a system impact study is needed, and the date that the Company anticipates knowing if the requirements of Schedule 32.10 C have been met.

On April 30, 2018, the Company responded that PacifiCorp’s transmission function has not yet provided a response to PacifiCorp’s merchant function Transmission Service Request as to whether or not a system impact study is needed. The Company anticipates receiving a determination of whether a SIS is necessary by April 30, 2018. That determination will inform the Company whether additional work will be required before confirming network resource status. “The Company will provide the requested notification when the requested information becomes available.” As of the date of this memo, the Office has not received such notification.

This information is necessary to determine if the RRC meets the requirements of Schedule 32. In addition, Section 3.2.6 Transmission and Interconnection Costs in the RRC states that the Seller will be responsible for any network upgrade costs and “The Contract Price assumes that no network upgrades will be required.” Unless the Parties otherwise agree, the RRC will terminate unless prior to the effective date the Network Service Provider confirms that no network upgrades on the Network Service Provider’s transmission system will be required for generator interconnection or to designate the RRC as a Network Resource.

The Office recommends that the Company be required to notify the Commission when it receives a determination as to whether or not network upgrades are required. Further, if such upgrades are necessary the Company should state whether the RRC will be terminated or what other accommodations are made between the Company and Amor IX, LLC and any impacts on the University of Utah and Amor contract.

Default in Purchasing Renewable Supply

Schedule 32.9 C 3 reads:

“Rocky Mountain Power’s contract with the owner of the Renewable Energy Facility shall provide that Rocky Mountain Power’s obligation to purchase electricity under that contract **ceases** if the Customer defaults in its obligation to purchase and pay for the electricity under the contract with Rocky Mountain Power.” [emphasis added]

Schedule 32 clearly states that the Company’s obligation to purchase electricity under the contract with the Renewable Energy Facility **ceases** if the Customer defaults in its obligation to purchase and pay for the electricity under the contract with Rocky Mountain Power. The Contract gives the Customer time to cure the default but if the default is not cured the Company’s obligation to acquire or purchase under the RRC ceases. However, the Contract also allows that the Company **may** elect to terminate such Renewable Resource Contract(s).⁴

⁴ Renewable Energy Contract at 17.1.

The RRC contains a similar clause under which PacifiCorp **may** elect to terminate the RRC.⁵

The Office asserts that because the Company retains the ability to continue both the Contract and the RRC at its discretion, the Company should be required to notify the Commission in the case of a default by the Customer that is not cured within the allowable cure period specified in the Contract. The Company should also inform the Commission as to whether or not it intends to terminate the Contract and/or the RRC and if either is not to be terminated the Company should explain its decision, and justification for those actions should be provided.

Office Recommendations

The Office recommends that the Commission approve the Renewable Energy Contract and the Renewable Resource Purchase Contract subject to the following conditions:

- 1) The Company be required to notify the Commission when it receives a determination as to whether network upgrades are required and if such upgrades are necessary state if the RRC is to be terminated or what accommodations are made between the Company and Amor IX, LLC.
- 2) The Company be required to notify the Commission in the case of default by the Customer and inform the Commission whether the Contract and/or RRC will be terminated. The Company should explain and justify its decision if either is not terminated.

CC. PacifiCorp
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⁵ Renewable Resource Contract at 11.3.