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Department of Commerce Division of Public Utilities

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Reply Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

David Williams, Utility Analyst

Date: February 28, 2019

Re: In the Matter of the Application of Rocky Mountain Power for Approval of Solicitation Process for Solar Photovoltaic and Thermal Resources, Docket No. 18-035-47

The Utah Division of Public Utilities (“Division”) makes these Reply Comments in Docket No. 18-035-47 regarding the Solicitation Process for Solar Photovoltaic and Thermal Resources filed by Rocky Mountain Power.

Background

Rocky Mountain Power (“RMP” or the “Company”) wants to solicit bids so that it may acquire solar photovoltaic or solar thermal resources. On December 28, 2018, the Company filed its application (“Application”) regarding its solicitation process in Docket No. 18-035-47. The Company is seeking approval from the Public Service Commission of Utah (“Commission”) of its Application format and solicitation process for its 2019 Renewable Resource Utah Request for Proposals (“RFP”).

Initial comments were due February 13, 2019. In this memorandum the Division replies to select initial comments made by the Interwest Energy Alliance (“Interwest”), VK Clean Energy

Partners LLP (“VK Clean Energy”), and the Utah Association of Energy Users (“UAE”) and Sustainable Power Group (“sPower”)¹ and offers one additional observation relating to its initial comments.

Discussion

1. Interconnection Queue and Deadline Issues

Interwest’s initial comments focus on transmission issues. Interwest notes that the Application states that the RFP price evaluation will:

...incorporate any network upgrade costs associated with interconnection and transmission to customers to the extent such costs have not already been incorporated into the bid price. This includes network upgrade costs identified for both interconnection and for transmission service.²

However, the Company does not control the interconnection process when it comes to utility-scale solar projects; this process is run by PacifiCorp Transmission. Interwest states that due to a clogged interconnection queue and slow impact study times, a large number of bidders are precluded from qualifying for the RFP under the tight timelines. Interwest concludes that “[t]he transmission operator must ensure fair and expedient interconnection study evaluation and queue project review in order to have a truly competitive solicitation and acquisition process.”³

VK Clean Energy also criticizes the interconnection timeline and the requirement that Best and Final Offers require a completed interconnection system impact study:

¹ See:

- Initial Comments of the Interwest Energy Alliance, Docket No. 18-035-47, February 13, 2019 (“Interwest Comments”);
- VK Clean Energy Partners LLP’s Comments Regarding Rocky Mountain Power’s 2019 Renewable Resource Utah Request for Proposals, Docket No. 18-035-47, February 13, 2019 (“VK Clean Energy Comments”);
- Initial Comments of Utah Association of Energy Users and Sustainable Power Group Regarding Proposed Solar RFP, Docket No. 18-035-47, February 13, 2019 (“UAE/sPower Comments”).

Note that UAE and sPower filed joint initial comments.

² Direct Testimony of Mark Tourangeau, filed December 28, 2018, Docket No. 18-035-47, p. 11, lines 232-6.

³ Interwest Comments, p. 6.

This requirement unfairly holds bidders to requirements that cannot be met without RMP's timely cooperation. ... RMP has been unable to produce System Impact Study Reports within 90 calendar days recently as a general matter, and bidders should not be penalized if RMP cannot produce such studies in a timely manner.⁴

UAE/sPower also criticizes the interconnection deadlines.⁵

The Division acknowledges that the PacifiCorp Transmission interconnection queue process needs improving. However, this docket is not the place for that improvement. PacifiCorp Transmission's connection requirements are an OATT matter and are primarily under FERC jurisdiction. PacifiCorp should ensure it is devoting enough resources to satisfy all requirements imposed on it within all its jurisdictions. The RFP timeline appears to be driven by the Customers' deadlines, and so the Customers can accept the risk of a lower number of bids due to the compressed timeline, combined with the interconnection queue. The Division emphasizes again, however, that its recommendation at the approval stage may be influenced by the number of independent bids received.

2. RMP's "Sole Discretion"

VK Clean Energy states that the evaluation process relies too much on RMP's "sole discretion," which undermines competition and a fair playing field. It suggests an independent evaluator ("IE"), even as it acknowledges that one is not statutorily required.⁶

UAE/sPower also objects to the "sole discretion" references, as they "tend to chill the willingness of developers to submit bids..."⁷

The Division does not see an IE as appropriate, given the specific exemption from the requirement of an IE in Utah Code Section 54-17-807(4)(b). The Commission, with a

⁴ VK Clean Energy Comments, p. 10.

⁵ UAE/sPower Comments, pp. 6-11.

⁶ VK Clean Energy Comments, pp. 3-7.

⁷ UAE/sPower Comments, p. 13.

recommendation from the Division and input from others, will evaluate the winning bid in the approval stage to ensure the process was competitive.

3. BTA Bids Should not be Required

UAE/sPower argue that BTA bids should not be required.⁸

The Division agrees that BTA bids should not be required; we stated so in our initial comments. However, the “level playing field” language in Utah Code Section 54-17-807(6)(b) means that RMP-owned projects and other projects should be considered equally when RMP is seeking to acquire solar photovoltaic projects. This language does not require that RMP and other developers have a level playing field when seeking to own a project. The subject matter of the statute relates to RMP acquiring a project, not developers acquiring a project. Therefore the following scenario discussed by UAE/sPower is not covered by Section 54-17-807(6)(b):

Moreover, if a BTA option is going to be allowed or required, that option should not automatically extend to RMP alone; all developers should be given a similar option to purchase a project so that the most competitive owner can be determined. That is the only way to put RMP and other bidders on an equal playing field...⁹

Other developers can seek to acquire projects through private RFPs and negotiations.

4. Winning Bids

It is not clear from the Application and RFP whether RMP would consider accepting more than one winning bid.¹⁰ RMP does state in the RFP that “Rocky Mountain Power is seeking a project or projects that meet the Participating Customers’ aggregate average annual forecasted demand...”¹¹ However, the word “projects” appears to refer to multiple projects contained in one bid.¹² If RMP is contemplating acquiring projects from two or more separate bids, the Division

⁸ *Id.* pp 2-3.

⁹ *Id.* p. 3.

¹⁰ It was also not addressed in the sample Power Purchase Agreement (Appendix E-2 of the RFP), filed February 8, 2019.

¹¹ RFP p. 1.

¹² *See id.* “Bids must include a **project/projects** that are discrete generating assets...” (bolded emphasis added).

recommends more description of how the prices will be allocated to the Customers, especially if (as is likely) the bids are not exactly equal in their pricing.

Conclusion

The Division recommends the following:

- The PacifiCorp Transmission interconnection process should not be addressed in this docket.
- An IE is not appropriate for the oversight of this RFP. However, if the evaluation process is not competitive, the Division may recommend against approval of a winning bid.
- Utah Code Section 54-17-807(6)(b) means that RMP-owned projects and other projects should be considered equally when RMP is seeking to acquire solar photovoltaic projects. The statutory language does not require that RMP and other developers are entitled to the same process when seeking to own a project.
- If RMP is contemplating acquiring projects from two or more independent bids, the Division recommends more description of how the prices will be allocated to the Customers.

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