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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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
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REPLY COMMENTS OF NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION AND RENEWABLE ENERGY COALITION

I. INTRODUCTION

Pursuant to Utah Admin. Code R746-450-3(2)(a)(ii) and deadlines established by the Utah Public Service Commission (the “**Commission**” or “**UPSC**”), the Northwest and Intermountain Power Producers Coalition (“**NIPPC**”) and the Renewable Energy Coalition (“**REC**”) respectfully submits these reply comments regarding Rocky Mountain Power’s (“**RMP**” or “**the Company**”) 2019 Renewable Resource Utah Request For Proposals (“**2019R Utah RFP**”), seeking up to approximately 205,000 megawatt hours (“**MWh**”)

per year, for up to 25 years, of new geothermal, solar photovoltaic and/or wind resources able to achieve commercial operation between June 30, 2020 and December 31, 2021.

NIPPC and REC support RMP moving forward with the 2019R Utah RFP, which will allow end use ratepayers to better their sustainability goals and renewable energy commitments. NIPPC and REC support and appreciate RMP's efforts to provide additional renewable energy options for its ratepayers under Utah's 2018 Renewable Energy Amendments, and the small movement to end-use consumer choice that the legislation provides.

NIPPC and REC, however, recommend that the Commission address certain issues and recommendations of Interwest Energy Alliance ("**Interwest**"), Utah Association of Energy Users ("**UAE**"), Sustainable Power Group ("**sPower**"), and VK Clean Energy Partners LLP ("**VK Clean Energy**"). These reply comments only address interconnection and transmission requirements. NIPPC and REC support the underlying concerns raised by Interwest, UAE, sPower, and VK Clean Energy's interconnection and transmission recommendations and agree they should be addressed by the Commission.¹ Interconnection and transmission issues can have a significant impact on the overall competitiveness and fairness of an RFP, and certain restrictions in the 2019R Utah RFP may result in higher cost and riskier resource acquisitions than are necessary.

II. NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION

NIPPC is a membership-based advocacy group representing electricity market participants. The purpose of NIPPC is to represent the interests of its members in

¹ NIPPC and REC's silence on other recommendations should not be construed as support or opposition to any particular recommendation.

developing rules and policies that help achieve a competitive electric power supply market in the Pacific Northwest. NIPPC is committed to facilitating cost effective electricity sales, offering consumers choice in their energy supply, and advancing fair, competitive power markets. NIPPC actively participates in state regulatory proceedings to ensure that competitive procurement and requests for proposals are fair, balanced, and non-discriminatory. In particular, NIPPC's participation has focused on the way in which interconnection and transmission limitations can reduce the competitive options available, increase costs for ratepayers, and bias the results toward utility ownership.

NIPPC has a diverse membership including independent power producers, electricity service suppliers, and transmission companies. NIPPC's members include Calpine Corp., Constellation Exelon, Cypress Creek Renewables, Direct Energy, Ecoplexus, EDF Renewable Energy, EDP Renewables, Invenergy LLC, Morgan Stanley NewSun Energy, National Grid, Obsidian Renewables, Perennial Power Holdings, Inc., Shell Energy North America, Sierra Pacific Industries, TLS Capital, and TransAlta Energy Marketing, Inc.

III. RENEWABLE ENERGY COALITION

REC represents the interests of qualifying facilities (“QFs”) in Oregon, Idaho, Montana, Washington, Utah, and Wyoming in regulatory matters. REC participates in utility rate proceedings and investigations regarding the Public Utility Regulatory Policies Act's contract terms and conditions, avoided cost rates, integrated resource plans, interconnections, transmission, and other matters important to QFs and non-utility owned electric generators. REC also monitors and lobbies legislatures on energy policy matters, and provides consulting services to individual members on contractual, operational, and

interconnection issues, among other matters. REC's primary interest in this proceeding relates to interconnection and transmission, and how that impacts the ability of non-utility independent power producers to sell their net output to utilities and end use consumers.

REC has nearly forty members who own and operate nearly fifty QFs that have power purchase agreements with utilities, including Rocky Mountain Power. Several types of entities are members of REC, including irrigation districts, water districts, corporations, and individuals. REC's active members in Utah and/or the Rocky Mountain West include Draper Irrigation Company, Hydro Plus – S&R Kaster, Wasatch Integrated Waste Management District, Monarch Renewable Energy, Ecoplexus, Strata Solar Development, Cypress Creek Renewables, and BMB Enterprises. The developers and renewable energy projects provide significant benefits to their local communities and economy.

IV. BACKGROUND AND LEGAL STANDARD

Industrial, municipal, state, and large commercial customers want more control and certainty over their power supply to lower their costs and meet other corporate goals, including purchasing additional renewable energy. The ability to lower power costs and access renewable energy is a priority in boardrooms throughout the United States. Utah will become more competitive if larger consumers are able to make power supply decisions that lower their business costs. Competition from non-utility power suppliers will make utilities operate more efficiently and strengthen wholesale power markets, which will drive down power costs for all customers.

Large ratepayers should be able to fulfill their deeply-seated commitments to operate using green energy. A majority of the largest US businesses have set public climate and energy goals to increase their use of renewable energy. Municipalities, state agencies

and educational institutes are also leading the nation's efforts to acquire additional renewable power. Ratepayers are seeking to improve the environment and purchase green power because reducing energy use and using renewable energy have become core business and sustainability strategies.

Utah does not have retail wheeling or direct access that would better allow the State to maintain existing industries, attract new businesses, and allow all large consumers the option to purchase the lowest cost renewable energy. However, to increase consumer choice and improve the ability for ratepayers to acquire more renewable energy, the Utah Legislature passed House Bill 261 (2018) ("**Renewable Energy Amendments**") that, among other things, allows Rocky Mountain Power to acquire solar resources using the prevailing market rate under certain circumstances to serve ratepayers.

The Renewable Energy Amendments require that "that the solicitation and evaluation processes to be used will create a level playing field in which the qualified utility and other bidders can compete fairly."² The phrase "level playing field" is also used in rule R746-450-3(2)(a)(i)(A). The Division of Public Utilities ("**DPU**") states that it "finds the 'level playing field' phrase to be imprecise, [thus] we suggest guidelines for how to determine whether the playing field is level and the winning bid is competitive."³ DPU specifically suggests the following criteria:

- The greater the number of independent bids that are made, the more level the playing field is likely to be.

² UTAH CODE § 54-17-807(6)(b); *see also* UTAH ADMIN CODE R746-450-3(2)(a)(i)(A).

³ DPU Comments at 6 (Feb. 13, 2019).

- RMP should not impose any RFP conditions that favor projects it already owns or has plans to own.
- Geographic restrictions should be kept to a minimum, except for valid technical reasons or requests by ratepayers requesting the RFP.
- Interconnection requirements should not be unduly onerous and should not favor any particular project or location.⁴

Without opining on whether the list of criteria is exhaustive, NIPPC and REC agree that these are important considerations to ensure a “level playing field.” NIPPC and REC, however, disagree that “a high number of independent bids may create a prima facie case that the winning bid is competitive,” especially when “a high number” is defined as low as 10 bids.⁵ The appropriate consideration in terms of whether there are a sufficiently high number of bids should be what participation would have been without an unreasonable restriction. For example, an RFP that seeks to acquire renewable resources may not have a level playing field if it is limited to one type of renewable resource and entirely excludes another type of resource that could cost less.

RMP filed the 2019R Utah RFP on December 28, 2018. The 2019R Utah RFP, specifically seeks up to 205,000 MWh per year, for up to 25 years, of geothermal, solar, and/or wind renewable energy to supply Park City, Salt Lake City, Summit County, Utah Valley University, Deer Valley Resort, and Vail Resorts that can achieve commercial operation between June 30, 2020 and December 31, 2021.

⁴ DPU Comments at 7.

⁵ See DPU Comments at 7.

Initial comments were filed by the DPU, Interwest, UAE, sPower, and VK Clean Energy. Interwest, UAE, sPower and VK Clean Energy all provide excellent summaries regarding how certain interconnection and transmission limitations can reduce the competitiveness of an RFP, including the 2019R Utah RFP.

V. REPLY COMMENTS

Transmission and interconnection issues have become increasingly important to ensure that ratepayers are served with the least cost and least risk generation. RMP should remove or modify provisions that reduce the number of qualified bidders due to interconnection and transmission restrictions. There are least cost and least risk resource options that will not be able to compete, or even participate, under the 2019R Utah RFP as proposed, which could result in higher cost and comparatively riskier resources being acquired. In addition, the wholesale competitive market in the aggregate may be harmed if RFPs consistently limit the ability of independent power producers to compete due to RMP's delays in the interconnection and transmission study process and restrictive RFP conditions that prevent these developers from bidding.

RMP's proposed interconnection timelines will prevent otherwise viable projects from being considered on the short-list. The 2019R Utah RFP requires the Best and Final Offers to have a completed System Impact Study for projects directly interconnected to the Company's system, or a completed third-party interconnection study and a completed third-party transmission service study for projects using third-party transmission. In principle and under ordinary circumstances, these conditions would be reasonable. However, developers have experienced significant and unwarranted delays on PacifiCorp's

transmission system such that NIPPC and REC specifically support the underlying concerns identified and recommend that the Commission address:

- UAE and sPower’s concerns regarding the proposed deadlines relating to interconnection and transmission.⁶
- VK Clean Energy’s recommendation to remove the requirement that Best and Final Offers include a completed System Impact Study or at least require that RMP finalize all System Impact Studies of bidders within 90 calendar days, and not request Best and Final Offers until such time that RMP is able to provide the necessary System Impact Studies.⁷
- VK Clean Energy’s recommendation that the Commission require RMP to report on all instances where the bidder who has not, to RMP’s satisfaction, secured interconnection and transmission requirements, but has in fact asked RMP to timely perform the necessary studies.⁸
- Interwest’s recommendation that the system impact studies requirement be extended to a reasonable date, with additional transparency about how the queue study process has been operating so bidders can commit to commercial operation dates with more certainty, or some other alternative resolution agreed upon by all stakeholders.⁹

For those not familiar with the Federal Energy Regulatory Commission jurisdictional interconnection process, the first step can be either a Feasibility or System

⁶ UAE and sPower Comments at 6-11 (Feb. 14, 2019).

⁷ VK Clean Energy Comments at 11 (Feb 13, 2019).

⁸ *Id.*

⁹ Interwest Comments at 6-7 (Feb. 13, 2019).

Impact Study. The developer and the interconnected utility enter into an agreement to conduct the study, which is called a “System Impact Study Agreement.” This study has timelines for payment by the developer and completion of the study by the utility. After the developer and the utility enter into this agreement, the utility conducts the study and reviews the adequacy of its transmission system to accommodate the new generation and identifies what additional costs may be incurred to provide service. At the completion of the System Impact Study, the developer and the utility must enter into a new contract to conduct a new study, which is the “Facilities Study Agreement.” The Facilities Study Agreement also includes timelines for payment and the completion of the study. The Facilities Study itself is more granular and is a real engineering study designed to determine the required modifications to the system, including the cost and scheduled completion date necessary to provide service. After these timelines and costs are identified in the Facilities Study, then the utility and developer negotiate an actual Interconnection Agreement to construct and pay for the interconnection to the utility’s system.

The process, even when moving perfectly, can be cumbersome and time consuming, and it is not uncommon for there to be significant delays completely outside the control of the developer. NIPPC and REC understand that interconnection customers on RMP’s system are experiencing unprecedented delays and that their interconnection requests have not advanced through the normal interconnection study process in a manner consistent with the Company’s Open Access Transmission Tariff (“OATT”) timelines. We have learned that interconnection customers are simply not receiving the required explanation of the reasons why additional time is required, an estimated completion date, or even when their

studies will begin to move forward. Some of these delays may exceed one year past the requirements in the OATT.

Based on publicly available information, it appears that in 2017, 153 projects submitted interconnection requests. Of those projects, 80 were withdrawn or granted an interconnection agreement. Only 7 have been issued Facilities Studies, 15 have been issued a System Impact Study, and one a Feasibility Study. While there may be some delays associated with the interconnection customer, there appear to be 50 projects from 2017 that apparently have not had any tangible action from the utility. Similarly, since the beginning of 2018, 115 projects have submitted interconnection requests. Of those projects, 17 were withdrawn or granted an interconnection agreement, one has been issued a Facilities Study, four have been issued System Impact Studies, and three have been issued Feasibility Studies. In 2018, the two projects that submitted interconnection requests and received interconnection agreements are both very small generators that are being processed via an expedited process and are not representative of the delays experienced by the majority of generators that are being processed under the FERC SGIP and LGIP. It appears that many of the executed interconnection agreements in 2017 may also have been small generators processed using more expedited procedures. There have been 89 projects submitted after January 1, 2018 that received no tangible action. We may be in a period of unprecedented interconnection delays, which could significantly limit the competitiveness of any RFP on RMP's system.

IV. CONCLUSION

NIPPC and REC are not providing any independent recommendations to revise the 2019R Utah RFP because we did not submit opening comments. However, we urge the

Commission to carefully review the comments filed by Interwest, UAE, sPower, and VK Clean Energy and address their concerns in its final order.

Dated this 28th day of February 2019.

Respectfully submitted,

SANGER LAW, PC

/s/ Irion Sanger_____

/s/ Irion Sanger

SMITH HARTVIGSEN, PLLC

/s/ Adam S. Long_____

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on this 28th day of February, 2019 upon the following as indicated below:

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