

TORMOEN HICKEY LLC
Lisa Tormoen Hickey
CO Reg. No. 15046, WY Reg. No. 5-2436
P.O. Box 7920
Colorado Springs, CO 80933
Telephone: (719) 302-2142
E-mail: lisahickey@newlawgroup.com

BEFORE THE PUBLIC UTILITIES COMMISSION OF UTAH

Application of Rocky Mountain Power for Approval of a)
Solicitation Process for 2020 All Source Request for) Docket No. 20-035-05
Proposals)

Initial Comments of Interwest Energy Alliance

The Interwest Energy Alliance (“Interwest”) hereby submits its initial comments on Rocky Mountain Power’s 2020 All-Source Request for Proposals (RFP). As of the time of this filing, Interwest has not yet been admitted as a party. It filed a timely petition to intervene on May 6, 2020 pursuant to the Scheduling Order dated May 4, 2020. Interwest respectfully requests that these comments be considered as party comments if and when it is admitted as a party, and if not, that these comments be considered as public comments. Interwest sincerely appreciates the opportunity.

Interwest is a 501 (c)(6) nonprofit trade association bringing together the nation’s leading solar, wind, geothermal and storage developers with the nongovernmental environmental community to expand renewable energy throughout the Intermountain West, in Utah as well as Wyoming, Colorado, New Mexico, Arizona, and Nevada. Interwest has been actively engaged in public input processes hosted by PacifiCorp to develop its 2019 Integrated Resource Plan (“2019 IRP”), is an active party in the Utah Public Service Commission docket for approval of the 2019

IRP as well as other regulatory dockets filed by Rocky Mountain Power in Utah and Wyoming related to implementation of PacifiCorp's resource planning in recent years as well as other proceedings to promote additional acquisitions of renewable energy which brings stable pricing and lower cost generation resources for electricity consumers.

The 2020 All-Source RFP ("RFP") represents a significant opportunity for economic development benefits in rural areas of Utah, as well as a commercial opportunity for Interwest members with projects at advanced stages of development. Two new reports analyze the increased revenues and jobs from new renewable energy development in other Western states which could also benefit Utah. A May 2020 Yale University report highlighted the economic development benefits of renewable energy development on BLM lands in Nevada as follows:

The best available data show that rent and royalty payments from renewable energy development on public lands have contributed over \$660 million in 2019 dollars to federal, state, and local governments since 1982. This report concludes that the capital costs for construction of the renewable energy projects operating on public lands have contributed over \$13 billion in 2019 dollars to the [national] economy since 1996. Estimates show that these projects have created over 12,000 construction jobs and over 1,700 operations and maintenance jobs.¹

Another May, 2020 report about the new Facebook data center in New Mexico describes the multiplier effects throughout a state's economy from new commercial interests (many of which demand renewable energy) as follows:

Skeptics often dismiss the knock-on effect described in such research as ephemeral because it is associated with construction, but the company's rolling data-center expansions often support local building and supply-chain business for years on end.

¹ "Key Economic Benefits of Renewable Energy on Public Lands", Yale Center for Business and the Environment/Wilderness Society, May, 2020, p. 5 (footnotes deleted), https://www.wilderness.org/sites/default/files/media/file/CBEY_WILDERNESS_Renewable%20Energy%20Report_0.pdf.

In the Los Lunas case, the full buildout of the center will last until at least until 2023 and will go well beyond that if further expansion occurs—which is not out of the question. In any case, capital expenditures are not limited to initial buildout. Servers that make up the operational innards of data centers are typically replaced every three years. Data centers also require an army of upkeep vendors that includes electricians, carpenters, roofers, HVAC technicians, and others.²

Utah will continue to attract new corporate investment if it continues to promote cost-effective acquisitions of renewable energy.

SPECIFIC GOALS AND RECOMMENDATIONS

Interwest has several goals for its comments in this proceeding:

- a) to promote transparency and understandable analysis for later Commission review of the bid results and portfolio modeling;
- b) to promote a robust and diverse response to the RFP, so that the most cost-effective bids and portfolio can be gathered to benefit PacifiCorp’s customers;
- c) to prevent inadvertent error and misunderstanding among bidders, which may result in disqualification or failure to advance the most efficient bids; and
- d) to prevent confusion related to interconnection and grid expansion issues.

Overall, Interwest seeks to ensure the RFP process presents a fair and competitive procurement opportunity that will produce over 4,000 MW of additional renewable energy and storage resources, resulting in energy costs that reflect the full capabilities of contemporary technology, to convey reliable and inexpensive service to customers. Interwest members support

² “Corporate Case Study: Facebook’s Green Energy Goals Are Speeding the Transition of New Mexico’s Electricity Sector”, Institute for Energy Economics and Financial Analysis”, May, 2020, https://ieefa.org/wp-content/uploads/2020/05/Facebooks-Green-Energy-Goals-Are-Speeding-NM-Transition_May-2020.pdf.

the RFP and seek approval with minor changes that will reduce costs and burdens for bidders and for ratepayers. Interwest was also active in the FERC docket filed by PacifiCorp Transmission for approval of its large generator Interconnection Tariff revisions, in FERC Docket No. ER20-924.

The RFP solicits projects from across the PacifiCorp service territory, with specific amounts of capacity targeted to be acquired from each interconnection node, identified in Appendix H of the RFP.³ The Preferred Portfolio highlighted in the 2019 IRP includes an expansive portfolio of proxy resources, including 1,823 MW of new solar resources co-located with 595 MW of new battery energy storage system capacity and 1,920 MW of new wind resources by the end of 2023. Subsequent to the completion of the 2019 IRP, the federal production tax credit was extended in December 2019 such that wind projects are still able to qualify for PTCs if placed in service before year-end 2024, so the RFP has a required resource in-service date of December 31, 2024 to account for this change. In addition, PacifiCorp will accept certain long-lead time resource types in the RFP, which require a longer development and construction schedule, placing completion of those types beyond the required December 31, 2024 in-service date.⁴ PacifiCorp does not intend to submit any self-built projects and it will not accept bids from any of its affiliates, which eliminates a number of potential concerns often raised when a utility operates and participates in a competitive procurement.

Interwest highlights several areas which warrant clarification or revision to prevent misunderstanding about PacifiCorp's needs and desires for the facilities to be acquired under the

³ App. H, "Application of Rocky Mountain Power for Approval of Solicitation Process for 2020 All Source Request for Proposals, filed April 9, 2020 ("Application"), <https://psc.utah.gov/2020/01/24/docket-no-20-035-05/>

⁴ Application, pp. 1-2, (fn. deleted).

RFP. Interwest appreciates PacifiCorp's responses to bidder and stakeholder questions, on which Interwest relies for purposes of formulating these comments.⁵

1. Alternative business models should be allowed under one base bid. The proposed RFP allows a base bid with minor alternatives to be submitted with one bid fee. However, it limits each base bid to one type of contract, either a proposal for a purchase power agreement or a build-transfer agreement. The limits on each base bid are described in the draft RFP attached to the Testimony of Bruce Griswold with the Application.⁶ Interwest recommends that the RFP be revised, to allow different contracting structures to be included as an alternative under one base bid rather than requiring this alternative to be a submitted and modeled as a separate base bid. This allows direct comparison of different contracting structures and greater assurance of least-cost least-risk procurement, while reducing inadvertent bias towards utility ownership through build-transfer agreements. Given the anticipated increased participation from storage resources, potentially including storage resources co-located with generators, there may be a relatively high number of bids submitted in response to this RFP, including several permutations of the same physical projects. Any reduction in the amount of additional "Base bids" that need to be submitted (since each requires a separate bid fee) should allow more resources and bidders to participate,

⁵ "PacifiCorp 2020 All-Source RFP, Questions and Answers", Responses through May 6, 2020: https://www.pacificorp.com/content/dam/pacifiCorp/documents/en/pacifiCorp/suppliers/rfps/2020-all-source-request-for-proposals/documents/2020_All-Source_RFP_Questions_through_05-06-2020.pdf.

⁶ Exhibit Accompanying Direct Testimony of Bruce W. Griswold, April 2020, 2020AS RFP (Draft), pp. 12-13, Sec. G. "Bid Evaluation Fees.", Table 3, "Bid Guidelines", (pdf, p. 41-42 of 128), <https://pscdocs.utah.gov/electric/20docs/2003505/313050ApplAprvlSlctnPrs4-9-2020.pdf>.

thus resulting in the “widest net” to be cast, from which PacifiCorp can procure the least-cost least-risk pool of resources.

Table 3 from the PPA Application is pasted below and redlined to more clearly show the proposed revised language:

Table 3. Bid Fee Guidelines

Resource	Base Bid	Bid Alternatives
Wind	PPA, BTA, or PPA/BTA Combinations for a particular site are allowed as alternatives under a single base bids. BTA bids only accepted for projects directly interconnecting with PacifiCorp’s system.	Limited to different contract terms, in-service dates, and/or pricing.
Solar	PPA or BTA for a particular site are allowed as alternatives under a single base bid. BTA bids only accepted for projects directly interconnecting with PacifiCorp’s system.	Limited to different contract terms, in-service dates, and/or pricing
Collocated BESS	PPA or BTA collocated with BESS. PPA or BTA for a particular site are allowed as alternatives under a single base bid.	Collocated bids that include a BESS must submit a base bid that includes battery augmentation and one bid alternative that includes non-augmentation.
Standalone BESS	BTA or BTA for a particular site are allowed as alternatives under a single base bid.	Standalone BESS bids must submit a base bid that includes battery augmentation and one bid alternative that includes non-augmentation.
Other renewables	PPA or BTA for a particular site are allowed as alternatives under a single base bid.	Limited to different contract terms, in-service dates, and/or pricing
Non-renewables	PPA or BTA for a particular site are allowed as alternatives under a single base bid.	Limited to different contract terms, in-service dates, and/or pricing

Consumers would be well-served by this revision because it provides more transparency to costs and benefits of purchase power agreements as compared to build-transfer proposals.

2. Resource data requirements should be specific to the technology. PacifiCorp’s draft PPA proposes the same amount of on-site data for wind and solar, but those are very different resources with different resource measurement methods. Solar projects should be allowed to use

satellite irradiance data in lieu of physically “on-site” measurements. On-site measurements for solar can vary widely on the same site, and requiring 1 or 2 years of that data has much less predictive value than more years of satellite data. On a related note, Interwest appreciates PacifiCorp’s clarification in response to questions in the Q&A opportunities provided to bidders that third party reports for resource data may not be required if the data reports are readily verifiable by PacifiCorp.

3. Bids on third party transmission systems require additional transmission service capacity verification. Interwest recommends clarification related to bids originating from third-party transmission systems, including related to what proof will be required that transmission service capacity is available, and whether it will be a static query of OASIS reservations or also a forward-looking inquiry into potential retirements and transmission build-out.

4. Clarify renewable energy capacity contributions, and relative bid ranking. The draft PPA included with the Application remains unclear as to how projects will be ranked according to their capacity contribution, especially for co-located renewables combined with storage projects.

5. Transmission costs should be modeled in as system costs. Interwest recommends that PacifiCorp clarify how it will model the costs of interconnection upgrades including Gateway South as to individual bids which may interconnect to the new line. Interwest recommends that PacifiCorp’s modeling in the review of bids provide analysis sufficient for the Commission to be allowed to evaluate individual project proposals independently of the cost of any planned transmission lines to which the projects propose to interconnect, regardless of whether the planned transmission lines have received a certificate of public convenience and necessity. Interwest

recommends that the Commission consider the aggregate cost of all transmission assets in its evaluation of the entire generation portfolio, including the short-term construction cost and also including the long-term grid and fuel cost benefits of any planned transmission lines to which individual projects are proposed to interconnect. The Gateway South line has been planned for a number of years and will serve the utility for decades by enabling it to bring on cost-effective generation resources which will reduce fuel costs over the long term for PacifiCorp customers, while increasing resource diversity to improve reliability throughout the PacifiCorp grid. The short-term cost and long-term benefits of this line should be recognized throughout the system because of its multifaceted array of benefits rather than assessing its costs to new efficient resources.

6. The January 31, 2020 cutoff may arbitrarily eliminate efficient projects. The January 31, 2020 cutoff date (which has been approved by FERC in the docket filed for approval of LGIP tariff revisions, but which is subject to a petition for reconsideration filed on May 14, 2020 in that docket) may have the potential to render cost-effective projects ineligible for review on an arbitrary basis. A more reasonable alternative would be to allow those projects that were in PacifiCorp Transmission's interconnection queue as of April 1, 2020 to be eligible to bid. PacifiCorp has already signaled its willingness to agree to this date in its comments at FERC,⁷ and this date would align with the going-forward April 1 cluster windows. Furthermore, although potential bidders did not receive notice that January 31st would be the cutoff date before PacifiCorp Transmission filed their proposal with FERC, once it was filed, the April 1st cutoff would have given developers effectively two months to submit their interconnection requests after

⁷ PacifiCorp's Response to Notice of Deficiency, filed in FERC Docket No. ER20-924-000, March 13, 2020, https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14842710.

PacifiCorp's filing, which provides some reasonable notice and is consistent with the principles of fair and open access. This notice period is more reasonable and will allow a significant number of additional projects to participate, more likely resulting in a least-cost, least-risk procurement.

7. Extension of safe-harbor deadlines may be important to Commission review.
Interwest recommends that PacifiCorp provide additional information to the Commission related to the extension in safe-harbor requirements for continuous construction applicable to the federal production tax credit applicable to wind and federal investment tax credit applicable to solar. This may extend the potential for additional projects to be cost-effective as part of an overall expansive renewable energy portfolio.

CONCLUSION

Interwest appreciates the opportunity to submit these comments and looks forward to the opportunity to submit reply comments once the IE comments are submitted pursuant to the Scheduling Order entered on May 4, 2020 in this proceeding.

Respectfully submitted this 22nd day of May, 2020.

TORMOEN HICKEY LLC

/s/ Lisa Tormoen Hickey

Lisa Tormoen Hickey, Colo. #15046, WY#2436

P.O. Box 7920

Colorado Springs, CO 80933

Telephone: 719-302-2142

E-mail: lisahickey@newlawgroup.com

On Behalf of Interwest Energy Alliance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was efiled and served by email this 22nd day of May, 2020, as follows:

psc@utah.gov, Utah Public Service Commission

<p>ROCKY MOUNTAIN POWER datarequest@pacificorp.com Utah Dockets Utahdockets@pacificorp.com Jacob McDermott Jacob.mcdermott@pacificorp.com Jana Saba Jana.saba@pacificorp.com Emily Wegener Emily.wegener@pacificorp.com</p>	<p>DIVISION OF PUBLIC UTILITIES, Asst Utah Attorneys General Patricia Schmid (pschmid@agutah.gov) Justin Jetter (jjetter@agutah.gov) Chris Parker (chrisparker@utah.gov) William Powell wpowell@utah.gov dpudatarequest@utah.gov</p>
<p>UTAH ASSOCIATION OF ENERGY USERS Phillip Russell James Dodge Russell & Stephens, PC prussell@jdrsllaw.com</p>	<p>OFFICE OF CONSUMER SERVICES Robert Moore rmoore@agutah.gov Steven Snarr stevensnarr@agutah.gov Michele Beck (mbeck@utah.gov) Cheryl Murray (cmurray@utah.gov)</p>

/s/Lisa Tormoen Hickey
Lisa Tormoen Hickey