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State of Utah  
DEPARTMENT OF COMMERCE  
Office of Consumer Services

MICHELE BECK  
Director

To: Utah Public Service Commission

From: Office of Consumer Services  
Michele Beck, Director  
Béla Vastag, Utility Analyst

Date: June 15, 2020

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

### Background

On May 21, 2020, the Utah Division of Public Utilities (DPU) filed comments in this docket. On May 22, 2020, the Utah Association of Energy Users (UAE), Interwest Energy Alliance (Interwest) and the Office of Consumer Services (OCS) also filed comments. On June 3, 2020, the Utah Independent Evaluator (IE) filed its report on PacificCorp's draft 2020AS RFP. The Utah Public Service Commission's (PSC) Scheduling Order in this docket set a deadline of June 15, 2020 for reply comments. Accordingly, the OCS submits these reply comments on PacificCorp's draft 2020AS RFP. The RFP issues outlined below are in addition to the issues the OCS raised in its May 22, 2020 initial comments in this docket. Philip Hayet, a consultant retained by the OCS, assisted in the preparation of these comments and also the OCS' initial comments.

### Summary of RFP Recommendations Made by Other Parties that the OCS Supports

The OCS supports the following recommendations made by UAE, Interwest and the Utah IE:

- IE recommendation to allow a longer PPA term;
- UAE and IE recommendations to clarify bid evaluation criteria in the RFP document;
- IE recommendation for a transmission and interconnection workshop;
- Interwest and IE recommendations to set the interconnection queue cut-off date at 4/1/2020; and
- IE recommendation to include a table in the RFP that describes the costs and benefits used in bid evaluation.

Silence on any other issues raised by parties in this docket should not be interpreted as support or opposition by the OCS.

### **Recommendation to Allow for Longer PPA Term**

In the draft 2020AS RFP, PacifiCorp is allowing bidders who submit power purchase agreements (PPA) to offer up to a 25-year term, which is shorter than the useful lives of some resources that PacifiCorp could acquire based on a build-transfer agreement (BTA) ownership option. For example, for ownership of a wind resource, PacifiCorp uses a 30-year life. To ensure comparability in the evaluation process, the IE recommends that PacifiCorp allow PPA bidders to offer a 30-year term or allow a 25-year contract with a 5-year extension option exercisable by PacifiCorp.<sup>1</sup> The OCS supports this recommendation.

### **Recommendations to Clarify Bid Evaluation Criteria**

In its report, the IE states “For the final RFP, we feel PacifiCorp should clarify its specific evaluation and selection methodology for initial and final evaluation and selection so there is no ambiguity regarding the shortlist selection process and decision parameters for each resource type and location”<sup>2</sup>

Similarly, UAE raises questions regarding how PacifiCorp will perform bid evaluations when the company will allow project in-service dates of both 2023 and 2024.<sup>3</sup> UAE requests clarification on the following:

- a. How the revenue requirement analysis of bid project costs and benefits will be different for projects with different start years and how will PacifiCorp ensure comparability.
- b. Whether the evaluation accounts for changes that occur to how PacifiCorp’s system is operated when bid projects are added in 2023 and then in 2024.
- c. How a solar resource assuming an in-service date of 2023 in order to receive the full investment tax credit (ITC) is evaluated if PacifiCorp interconnection studies later find that it cannot connect until 2024.
- d. How the two different dates will affect the availability of proposed transmission upgrades and furthermore, how this will affect Locational Capacity Limits in each year.

The OCS supports UAE’s and the IE’s recommendations for PacifiCorp to clarify the evaluation criteria, as described above, in the final version of the 2020AS RFP.

### **Recommendation to Hold a Transmission Workshop**

The IE states: “Given the importance of transmission and interconnection for this RFP and the change in the transmission interconnection process, Merrimack Energy recommends that PacifiCorp hold a Transmission Workshop separate from the Bidders Conference to address transmission issues, including issues identified by OCS and Interwest regarding the Gateway South transmission project, cost implications, other transmission options

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<sup>1</sup>Report of the Utah Independent Evaluator Regarding PacifiCorp’s Draft All Source Request for Proposals (2020AS RFP), June 3, 2020, pages 4, 5, 29, 45 & 46.

<sup>2</sup>June 3, 2020 IE Report, page 47, additional discussion on pages 6 and 33 – 34.

<sup>3</sup>Initial Comments of the Utah Association of Energy Users, May 22, 2020, pages 5 – 8.

available for bidders, and provide an overview of the Cluster study process it intends to implement for this RFP”.<sup>4</sup> As stated by the IE, the OCS has raised many concerns on PacifiCorp’s draft RFP regarding transmission issues in our May 22, 2020 initial comments. Therefore, the OCS supports the IE’s recommendation for a transmission workshop.

### **Recommendation to Change Interconnection Queue Cutoff Date from 1/31/2020 to 4/1/2020**

As Interwest and the IE stated in their comments, it appears that potential bidders may not have known in advance that January 31, 2020 would be the cutoff date to be in the transmission interconnection queue to be eligible to bid in the RFP. For fairness and to increase the number of potential bidders, both Interwest and the IE recommend moving the date to April 1, 2020.<sup>5</sup> The OCS supports this recommendation.

### **Recommendation to Include a Table in the RFP Describing the Costs and Benefits to be Used in the Economic Evaluation of Bids**

The IE states: “Merrimack Energy suggests that PacifiCorp also include a table in the RFP document that lists the net cost components (i.e. cost and value or cost and benefit categories) and provide a brief description of each cost and benefit/value component in the RFP document.”<sup>6</sup> In our May 22, 2020 initial comments, the OCS also raised questions whether PacifiCorp had clearly identified and/or explained certain costs and benefits that it would use in the economic evaluation of bids. Therefore, the OCS supports the IE’s suggestion that a cost/benefits table be included in the final RFP and recommends that the PSC require PacifiCorp to include such a table.

CC: Artie Powell, Division of Public Utilities  
Jana Saba, Rocky Mountain Power  
Electronic Distribution List

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<sup>4</sup>June 3, 2020 IE Report, page 7, additional discussion on pages 5, 42 and 48.

<sup>5</sup>Initial Comments of Interwest Energy Alliance, May 22, 2020, pages 8 - 9 and June 3, 2020 IE Report, pages 7, 26, 42 and 48.

<sup>6</sup>June 3, 2020 IE Report, page 6, additional discussion on pages 34 and 47.