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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

2020 All Source Request for Proposals	Docket No. 20-035-05
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**REPLY COMMENTS OF THE UTAH ASSOCIATION OF ENERGY USERS ON
PACIFICORP'S PROPOSED SOLICITATION PROCESS**

The Utah Association of Energy Users (“UAE”) hereby files its comments on the solicitation process proposed by PacifiCorp in this docket in reply to comments filed by the Division of Public Utilities (“DPU”), the Office of Consumer Services (“OCS”), Interwest Energy Alliance (“Interwest”), and the Independent Evaluator (“IE”).

UAE focuses its reply comments on a single issue—modeling related to the Gateway South transmission project that PacifiCorp has proposed to construct, but which this Commission has not yet approved. Both OCS and Interwest raised concerns about how PacifiCorp would model the costs associated with Gateway South and how that modeling might affect the selection of bids. UAE shares these concerns and offers the following reply comments on the issue.

In its May 13, 2020 ruling in Docket No. 19-035-02 declining to acknowledge PacifiCorp’s 2019 IRP Action Plan, the Commission criticized PacifiCorp’s failure to model the Preferred Portfolio without Gateway South as a presumed component and its failure to model potential

alternative transmission projects.¹ As a result, the Commission found that it would be “inappropriate” for it “to acknowledge the Action Plan of which [Gateway South] is a core feature without meaningful evaluation of scenarios that do not include Gateway South.”² UAE is concerned that the solicitation process will repeat these modeling deficiencies in selecting resources that will have impacts on Utah ratepayers for the next 30 years. In the RFP, PacifiCorp proposes to select up to 1,920 MW of projects that require construction of Gateway South for the projects to interconnect to PacifiCorp’s transmission system. It thus appears that the RFP, like the IRP, improperly assumes that Gateway South must be built. But Gateway South has not been approved and UAE is concerned that the RFP will be conducted in a way that will not allow for proper evaluation of scenarios in which Gateway South is not approved and constructed.

OCS and Interwest each recommend that PacifiCorp more clearly explain how it intends to model the costs associated with the Gateway South transmission project in its evaluation of bids. OCS states that “PacifiCorp should fully consider all transmission alternatives including performing ‘meaningful evaluation of scenarios that do not include Gateway South’” and should “incorporate plans within its RFP documents explaining how it will evaluate scenarios without the [Gateway South] project.”³ Interwest recommends that PacifiCorp clarify how it will model transmission network upgrade costs, including the costs associated with Gateway South, as to the individual bids which rely on the upgrades to be able to interconnect to PacifiCorp’s system.⁴ OCS and Interwest raise important points about modeling that require further discussion.⁵

¹ See May 13, 2020 Order in Docket No. 19-035-02 at 22.

² *Id.* at 23.

³ OCS Comments at 3 (quoting May 13, 2020 Order re: PacifiCorp’s 2019 IRP in Docket 19-035-02 at 23).

⁴ Interwest Comments at 7-8.

⁵ UAE agrees that further clarity is necessary. UAE does not, however, agree with the specific recommendation offered by Interwest as to how PacifiCorp should model the costs for Gateway South.

To properly evaluate scenarios that do not include Gateway South, the Commission and the intervenors to this docket require data. The Commission should, therefore, require PacifiCorp to provide more information about how it plans to model the costs of transmission upgrades identified in its IRP. As noted by OCS, “this 2020AS RFP docket is such a proceeding in which PacifiCorp should perform economic evaluations to determine if constructing the GWS project will ‘result in the acquisition, production, and delivery of electricity at the lowest reasonable cost to the retail customers.’”⁶ PacifiCorp should ensure that, in reviewing and analyzing the bids it receives in this docket, it does not model the estimated cost of Gateway South in a way that would prevent a proper analysis of whether Gateway South is in the public interest.

PacifiCorp states in the proposed RFP that its “bid evaluation and selection process is designed to identify the combination and amount of new resources that will maximize customer benefits through the selection of bids that will satisfy projected capacity and energy needs while maintaining reliability.”⁷ The RFP includes a discussion of PacifiCorp’s bid evaluation and selection process.⁸ Generally speaking, PacifiCorp intends to use its two IRP models—the System Optimizer (“SO”) and Planning and Risk (“PaR”) models—to determine the Price Score of each bid by determining the change in revenue requirement from a baseline that will include assumptions about various system costs. PacifiCorp has not explained, however, how it intends to determine whether or not Gateway South will be included in this baseline portfolio. Specifically, PacifiCorp has not explained how it will assess the economic impact of bids that require the Gateway South transmission project to provide firm transmission to PacifiCorp load relative to

⁶ OCS Comments at 2 (quoting Utah Code § 54-17-201(1)(c)(ii)(A)).

⁷ RFP at 24.

⁸ *See id.* at 26-33.

bids that would not otherwise require Gateway South. UAE submits that if PacifiCorp includes the cost of Gateway South in its baseline assumptions—as it did in its Preferred Portfolio modeling during the 2019 IRP—then this Commission will not be given sufficient information to determine which projects are truly economic and would result in a least-cost, least risk portfolio.

To address this issue, UAE recommends a method of modeling bids that will provide this Commission with sufficient information to determine which projects should be selected either A) if Gateway South is approved and is constructed, or B) if at least one other feasible alternative transmission configuration is considered. Specifically, UAE recommends that PacifiCorp utilize two separate baseline portfolios—one that includes Gateway South and one that includes a feasible transmission alternative. PacifiCorp should then determine the cost-based score of each bid as compared to each of these two baseline portfolios. It is critical that PacifiCorp include a reasonable assessment of the transmission upgrade cost causation of project bids, in particular those that would require the construction of Gateway South to deliver to PacifiCorp's load. This approach would allow the Commission to compare the revenue requirement benefits of the two portfolios of selected bids against each other to determine which represents the least cost, least risk portfolio.

PacifiCorp did not model a baseline portfolio that does not include Gateway South in its 2019 IRP process. If the Commission adopts UAE's recommendation, PacifiCorp would be required to develop such a portfolio, but it would do so outside of the type of public input meetings the Company holds during the IRP process. In making its recommendation, UAE does not propose any particular outcome for the portfolio that does not include Gateway South. In other filings with the Commission, UAE has referenced the transmission expansion configuration discussed in the NTTG 2018-2019 Regional Transmission Plan as a potential alternative to Gateway South. This

alternative transmission expansion configuration has the benefit of having been studied in the NTTG planning process. PacifiCorp could utilize that configuration or some other transmission configuration that provides a reasonable alternative.

The modeling recommendations discussed herein are intended to produce sufficient information to fill in the gaps created by PacifiCorp's failure to adequately model scenarios in which Gateway South is not approved or constructed. These recommendations should allow stakeholders and the Commission to better understand the consequences of including, or not including, a transmission project that would add approximately \$2 billion to rate base and impact rates for at least the next 50 years. UAE respectfully requests that the Commission adopt these recommendations in this docket.

DATED this 15th day of June, 2020.

Respectfully submitted,



By:

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Certificate of Service
Docket No. 20-035-05

I hereby certify that a true and correct copy of the foregoing was served by email this 15th day of June, 2020 on the following:

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