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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)

**Reply Comments of Interwest Energy Alliance
June 15, 2020**

The Interwest Energy Alliance (“Interwest”) hereby submits its reply comments on Rocky Mountain Power’s 2020 All-Source Request for Proposals (“RFP”). Interwest submitted its initial comments on May 22, 2020 and was admitted as a party to this docket on May 28, 2020.

As indicated in its initial comments, Interwest seeks to ensure the RFP process presents a fair and competitive procurement to enable PacifiCorp to acquire low-cost, stable-priced renewable energy resources to serve all of its customers.

These reply comments respond to the comments filed by the Independent Evaluator on June 3, 2020¹ and since Rocky Mountain Power has not yet responded to comments from others, Interwest adds comments related to the Reply comments filed by PacifiCorp in an analogous proceeding pending before the Oregon Public Utilities Commission (“OPUC”)², in which Pacific

¹ Merrimack Energy Group, Inc., Task A7 Report of the Utah Independent Evaluator Regarding PacifiCorp’s Draft All Source Request for Proposals (2020AS RFP), Docket No. 20-035-05, 6/3/2020, <https://pscdocs.utah.gov/electric/20docs/2003505/314125TaskA7RprtIERePacifiCorpRFP6-3-2020.pdf>.

Power is requesting approval from the OPUC for the same RFP at issue in this action (“Oregon Reply Comments”).³ In the Oregon docket, PacifiCorp responded to many of the same issues raised by Interwest and Utah parties, and has agreed to adjust or clarify its RFP to accommodate the concerns. By way of example, in several ways PacifiCorp has “trued up” definitions in the RFP documents to match the transmission open access transmission tariff which is helpful to avoid confusion and potentially contradictory requirements.

As noted in previous filings, the PacifiCorp open access transmission tariff has recently been revised by FERC order.⁴ PacifiCorp indicates that it will redraft its site control definition and requirements contained in the RFP documents so that the RFP documents better coincide with the OATT tariff revisions recently adopted by FERC. PacifiCorp has agreed to accept certification in a bid packet which indicates that the PacifiCorp Transmission Operator responsible for implementing the interconnection tariff has been contacted and has agreed that any discrepancies between the way a project is described in the queue and the specifications described in a bid

³ PacifiCorp’s Reply Comments, June 3, 2020, Oregon Public Utilities Commission, Docket No. UN 2059, <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=22320>. Interwest is not a party in the Oregon Docket, but these reply comments filed by PacifiCorp are the first available response to many questions raised by parties representing bidder interests, and they are helpful to note resolution of some outstanding questions about the RFP previously raised by Interwest, so they are referred to herein. Presumably PacifiCorp will be consistent between the two proceedings.

⁴ *Order on Tariff Revisions*, FERC Docket No. ER20-924-000, ER20-924-001, May 12, 2020, [file:///C:/Users/Lisa%20Hickey/Downloads/20200512-3109\(34081991\)%20\(1\).pdf](file:///C:/Users/Lisa%20Hickey/Downloads/20200512-3109(34081991)%20(1).pdf), *see also*, *Order Granting Rehearing for Further Consideration*, June 15, 2020, [file:///C:/Users/Lisa%20Hickey/Downloads/20200615-3061\(34116597\)%20\(1\).pdf](file:///C:/Users/Lisa%20Hickey/Downloads/20200615-3061(34116597)%20(1).pdf). (Consideration of the requests for rehearing are still pending and no ruling has been entered on the substance; rather, additional time has now been allowed for FERC to consider the requests for rehearing filed by SEIA and New Sun LLC by virtue of the entry of this order, to avoid automatic denial pursuant to FERC rule.)

submitted in response to the RFP will not constitute a “material modification”. Interwest appreciates these adjustments and will note them in these Reply Comments, to the extent adjustments resolve the issues raised by Interwest to date.

Interwest’s initial comments, and PacifiCorp’s response to date are listed below. To the extent the Utah Independent Evaluator raised new issues or commented on the same issue in its comments,⁵ Interwest will address these concerns raised by the IE below.

1. Alternatives under one base bid. Interwest and the Utah Independent Evaluator (and a number of other commenting parties in the Oregon docket) recommended that the RFP be revised so that when a bidder proposes both a build-transfer and purchase power agreement as alternatives for a particular project, that this be considered alternatives of the same bid. This would allow the two different business models to be matched up and compared to one another, at least for cost-comparison purposes, which reduces the possibility that inherent bias will be “baked-in” to the bid review in favor of utility ownership (under a build-transfer). **PacifiCorp rejected this idea in its Oregon Reply comments**, partly because the modeling for the two types of business model proposal differ from one another. Interwest continues to recommend that alternatives be allowed under one bid fee because it allows for more direct comparison between the two types of business models, build-transfers (where the costs and risks of utility ownership are to be considered) and purchase power agreements (where the costs and risks of purchase power agreements are to be considered). Under Utah Admin. Code Rule R746-420-3(1)(b)(ii)⁶, the primary goal should be to allow for cost and risk comparisons, and the differences in modeling

⁵ Cite to Utah IE comments

⁶ <https://rules.utah.gov/publicat/code/r746/r746-420.htm>.

asserted by PacifiCorp weigh in favor of allowing them to be submitted as part of one bid package (under one base bid fee) rather than against allowing them to be submitted as part of one bid, so they are compared side by side. Therefore, the RFP should be revised to allow two alternative business models to be submitted as part of the same bid, under one base bid fee.

2. Resource data requirements should be specific to the technology. PacifiCorp states in its Oregon Reply Comments as follows:

PacifiCorp has revised its 2020AS RFP to accommodate the use of satellite data for solar resources and the use of an in-house energy performance report by bidder as long as PacifiCorp can readily replicate the results.

This revision is acceptable to Interwest because it allows for alternative reliable means of proving performance of a renewable project. In addition, the type of information allowed is tailored to the type of technology; that is, satellite data is appropriate for solar resources.

3. Bids on third party transmission systems require additional transmission service capacity verification.

Interwest is uncertain whether this issue has been resolved and looks forward to PacifiCorp's and the IE's Reply Comments to be filed herein.

4. Clarify renewable energy capacity contributions, and relative bid ranking.

Interwest's initial comments, at Sec. 4, p. 8 indicated as follows:

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.

Interwest notes that PacifiCorp's Oregon Reply Comments speak to the issue, but continue to rely upon its I2019 RP report, which is not of sufficient granularity to provide bidders (or the IE) insight into the real differences in capacity brought by each proposed project, especially when comparing projects of the same technologies but different operational characteristics side by side.

PacifiCorp's Oregon Reply Comments state as follows:

3. Ranking by Capacity Contribution

NIPPC recommends that the company "provide additional details regarding how projects will be ranked according to their capacity contribution."²⁰

As part of a recent presentation to Staff and staff of the Utah Public Service Commission as well as intervenors in the 2020AS RFP process, the company described the capacity contribution adjustor (CCA) model as part of the screen model process. The CCA model will calculate the capacity contribution of the proposed asset(s) and rank them as part of the screening model process:

- Capacity contribution is measured by the asset's ability to reduce loss of load events across PacifiCorp's system. Hourly loss of load events are from the Loss of Load Probability (LOLP) study in the 2019 IRP.
- Capacity contribution is then calculated by year over the life of the contract or asset; inclusive of solar and battery degradation.

Please note that to determine the initial short list in October 2020, this ranking, specific to the screening model process, will be used to rank the bids selected in each bubble and by each technology (at approximately 150 percent of stated values in the RFP) for determining the assets to be evaluated by the IRP models.

The CCA is calculated using the same methodology used in PacifiCorp's 2019 IRP. Please refer to Volume II, Appendix N for details regarding how this is applied to IRP results.

Solar plus battery storage can provide numerous different types and quality of ancillary services, which may benefit the utility in a variety of ways, depending on location, grid constraints, and changing load conditions. The CCA methodology described in the IRP is not sufficiently granular as to time of day or other available modeling to reveal the true value of each resource, distinct from one another. Modeling of the capacity and ancillary services contributions of

renewable energy relies upon newly-developed and rapidly-changing methodologies, and utilities are becoming more sophisticated in this regard, but they do not have significant experience with battery storage modeling, and this RFP is PacifiCorp's first to accept solar plus battery storage projects. Therefore, further question and answer opportunities may be helpful.

The Independent Evaluator recommended two workshops, including one about the bidder forms, to ensure clarity, and one about transmission. Interwest strongly recommends that these workshops occur. In addition, Interwest requests that the capacity contribution modeling be discussed more thoroughly at the bidder's conference, so that bidders could ask questions, and potentially issues could be raised that would be answered in the Q&A which PacifiCorp has used and posted on its RFP website.⁷ This may allow for more granular clarity about the ways in which each type of project will be modeled in the bid review process. The workshops should be publicly-noticed with sufficient advance notice to enable a large group of bidders and informed stakeholders to attend.

5. Extension of safe-harbor deadlines may be important to Commission review.

Since the initial comments were filed, the Internal Revenue Service issued its new guidelines extending some of the time periods for safe harbors available for continuing construction requirements applied for production tax credit and investment tax credit eligibility.⁸ This extension will allow PacifiCorp additional time to complete the RFP, approval of the

⁷ <https://www.pacificorp.com/suppliers/rfps/all-source-rfp.html>.

⁸ See announcement of Internal Revenue Service Notice 20-41, <https://www.irs.gov/newsroom/treasury-irs-provide-safe-harbor-for-taxpayers-that-develop-renewable-energy-projects>. Notice found here: <https://www.irs.gov/pub/irs-drop/n-20-41.pdf>.

transmission upgrades and other capital investments required to support all of the acquisitions contemplated by the 2019 IRP, and for all of the new generation resources to be online in time to acquire the savings brought by higher levels of the PTC and ITC for Utah electricity consumers. The timing and changes to modeling brought about by these extensions should be clearly set forth in the RFP documents, as indicated by Office of Consumer Services and UAE in their initial comments.

CONCLUSION

Interwest appreciates PacifiCorp's proposed adjustments. They do not resolve all of the initial recommendations which were raised to make the procurement more fair and to create a level playing field for this important RFP. Therefore, Interwest requests that the Commission require several additional adjustments, as follows:

1. Require that two alternatives can be included under one base bid fee.
2. Require the two workshops, one on transmission and one on the bidder documents and clarification of modeling of capacity contributions, as recommended by the IE and Interwest.

Interwest appreciates the opportunity to submit these reply comments.

Respectfully submitted this 15th day of June, 2020.

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On Behalf of Interwest Energy Alliance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was electronically filed and served by email this June 15, 2020, as follows:

psc@utah.gov, Utah Public Service Commission

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