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To: Public Service Commission of Utah

From: Scott Miller, Executive Director, Western Power Trading Forum (WPTF)
Caitlin Liotiris, Consultant to WPTF

Date: January 24, 2022

Re: **Docket No. 21-035-09** Public Comments to the Public Service Commission (PSC) of Utah
on Alignment of PacifiCorp's Interconnection Queue and Solicitation Processes

Introduction

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current, high level of system reliability. WPTF supports development of competitive markets throughout the West and of uniform rules to facilitate transactions among market participants. The membership of WPTF includes energy service providers, generators, power marketers, scheduling coordinators, financial institutions, energy consultants, and public utilities. WPTF's membership actively participates in electric power markets in the West and across the country and WPTF has participated in prior stakeholder processes and tariff filings at the Federal Energy Regulatory Commission (FERC) on PacifiCorp's interconnection queue reform.

WPTF hereby submits these public comments to the Utah PSC to bring awareness to the issues that arise when PacifiCorp's "first-ready, first-served" interconnection cluster study process does not align with its solicitation processes, such as the 2022 Request for Proposals



(RFP) that Rocky Mountain Power has proposed, which will be taken up in this docket. WPTF wishes to highlight the importance of aligning these processes going forward.

Failure to ensure that future PacifiCorp's/Rocky Mountain Power's solicitations are conducted in advance of the relevant interconnection cluster study window are likely to create unnecessary delays and necessitate restudies in the interconnection queue process, which will frustrate all parties involved and not serve to benefit ratepayers in the timely development of new generation resources that are solicited. Furthermore, such misalignments in the solicitation and interconnection process harm ratepayers by limiting the pool of projects able to realistically participate in the process and maintain eligibility under the solicitation rules. This can also deprive customers and the system the benefit of geographic diversity among resources. Going forward, WPTF encourages PacifiCorp to better align the interconnection and resource solicitation processes and urges the Utah PSC to consider whether it may also be able to encourage PacifiCorp to ensure better alignment in the future. WPTF also suggests that the Commission consider directing PacifiCorp to extend the current commercial operation date (COD) deadline in the RFP to the end of 2028 in order to allow more projects to move forward for consideration in this RFP despite delays caused by the misalignment.

Interconnection Cluster Study Windows were Intended to Align with RFPs

When PacifiCorp held a stakeholder process and later filed proposed revisions with FERC to implement a first-ready, first-served cluster study approach to processing its interconnection queue, the generation development community generally understood that a "first-ready, first-



served” queue would, in some ways, flip the typical development process on its head (with a definitive queue position often not achieved until after substantial progress on an offtake agreement, rather than a queue position taking place relatively early in the development process). In order for this change to the interconnection process to be effective, it was generally understood, and articulated to PacifiCorp through comments of many parties (including WPTF), that there would need to be alignment of the timing of PacifiCorp’s resource procurement processes with the interconnection cluster study windows.

Thus, when PacifiCorp initially proposed queue reform to FERC, in the FERC filing (Docket ER20-924) PacifiCorp acknowledged this dynamic and noted that it was seeking to have the revised interconnection queue process in place before the issuance of its 2020 RFP because, as many generators had articulated during the stakeholder process, “*selection in the {PacifiCorp} RFP may be the primary means by which certain projects demonstrate commercial readiness*”¹ (and by which they would be eligible to participate in the Transitional Cluster study). While stakeholders generally understood that the Transitional Cluster and PacifiCorp’s 2020 RFP would have some unique challenges due, in part, to the composition of the queue at the time, developers hoped that PacifiCorp’s future RFPs, including the 2022 RFP, would better align with the opening of cluster study request window and would allow for more effective competition within the RFP and for a more streamlined interconnection study process.

¹ See PacifiCorp Revision to Generator Interconnection Procedures, FERC Docket ER20-924, Filed January 31, 2020, filing package available here: https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20200131-5112&optimized=false (Filing Letter, page 5).



Presumably understanding the need for this type of alignment, PacifiCorp initially sought to align the timing of its 2022 RFP such that a short list would be available before the 2022 queue cluster study window closed.² Unfortunately, following a [notice](#) filed by PacifiCorp in this docket, that will no longer be the case. The 2022 RFP, as currently scheduled, will be delayed and the selection of the short-list in the RFP will no longer align with the timing of the upcoming interconnection Cluster Study windows. PacifiCorp plans to eliminate the initial short list and complete a final short list in May 2023,³ making it impossible for new bidders to achieve this readiness standard before filing an interconnection request by the May 2022 cluster window closure.

In the Utah filing alerting the PSC to the delay, PacifiCorp indicated that: *“it has determined that sufficient options exist for bidders to participate in PacifiCorp Transmission’s annual cluster study before they have been selected as a resource through the 2022 All-Source RFP.”* However, as described below, the presence of additional options to participate in the annual cluster study, does not negate the need for alignment between timing of RFPs and the cluster study process. Failing to align these two processes is likely to cause more projects to enter the interconnection cluster study window, which may lead to identification of more network upgrades than will ultimately be required for selected projects and may create the need for restudy within the cluster study process, adding delays and unnecessary study costs.

² PacifiCorp’s 2021 IRP filed September 1, 2021 states “In Q2 2022, PacifiCorp will identify an initial shortlist in advance of annual Cluster Request Window.” P. 324

³ [PacifiCorp’s 2022 All-Source Request for Proposals](#)



Failure to Have a Short-List Identified is Likely to Increase the Number of Interconnection Requests and Cause the Need for Restudy

PacifiCorp has indicated that “sufficient options exist for bidders to participate” in the annual study cluster without being selected in the 2022 RFP. According to the terms of PacifiCorp’s Open Access Transmission Tariff (OATT) Section 38.4.1(v), interconnection requests must include one of the following “Readiness Milestone Options” in order to enter the cluster study (emphasis added):

- (a) **Executed term sheet** (or comparable evidence) related to a contract for sale of
 - i. the constructed Generating Facility to a load-serving entity or to a commercial, industrial, or other large end-use customer,
 - ii. the Generating Facility’s energy where the term of sale is not less than five (5) years, or
 - iii. the Generating Facility’s ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five (5) years;
- (b) **Executed contract** binding upon the parties for sale of:
 - i. the constructed Generating Facility to a load-serving entity or to a commercial, industrial, or other large end-use customer,
 - ii. the Generating Facility’s energy where the term of sale is not less than five (5) years, or



- iii. the Generating Facility's ancillary services if the Generating Facility is an electric storage resource where the term of sale is not less than five (5) years;
- (c) Reasonable evidence that the Generating Facility **has been selected in a Resource Plan or Resource Solicitation Process** by or for a load serving entity, is being developed by a load-serving entity, or is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer;
- (d) A refundable **deposit of \$3,000 per MW** of generating capacity proposed in the Interconnection Request; or *{note – this option will incur higher withdrawal penalties if it is used and the project later withdraws from the queue – up to 5X study costs during the study process}*
- (e) **Site specific Purchase Order for generating equipment** specific to the Queue Position, **or statement signed by an officer or authorized agent of the Interconnection Customer attesting that the Generating Facility included is to be supplied with turbines (or equivalent major electric generating components) with a manufacturer's blanket purchase agreement** to which Interconnection Customer is a party. This blanket purchase agreement shall be provided to Transmission Provider.

Items (a) through (c) effectively require that resources are selected through an RFP, are in the process of executing (or have already executed) a contract or are being developed for PacifiCorp ownership. Absent the selection of a shortlist for the 2022 RFP by the time the PacifiCorp's 2022 cluster study window closes, generators would likely enter the cluster study



using option (d) or option (e). While these may be options available to generators to enter the cluster study, relying on these paths, at the time when there is an ongoing RFP, will be problematic.

This dynamic (of an ongoing RFP and an open cluster study window, without the selection of a shortlist) creates a number of likely problems for the upcoming cluster study and generators that are a part of it. Because a short-list will not yet be identified by PacifiCorp for the 2022 RFP, generators that have submitted bids into the RFP will likely feel a strong need to submit their projects into the 2022 Cluster study window [using option (d) or (e), described above]. This is likely to result in a cluster of interconnection requests that is *far larger* than what will ultimately be selected in the PacifiCorp RFP and then what will ultimately come online. The large size of the cluster will, in turn, inflate the network upgrade cost estimates – with significant network upgrades identified in the cluster study process as necessary to accommodate the “inflated” size of the cluster. Additionally, as the RFP procurement process moves forward, interconnection requests that are not selected for the short list are likely to drop out of the cluster study, which will likely require restudy of the cluster under the interconnection processes, which may serve to delay the finalization of interconnection studies for projects that are selected through the 2022 RFP and which will be moving forward toward commercial operation.

In the likely event of re-study for the 2022 Cluster in the PacifiCorp interconnection process, the timing of steps in the study processes defined in the PacifiCorp OATT suggests that final



cluster study reports may not be available until April 2023, and facility study results following this re-study process may not be available until Fall 2023, around the time PacifiCorp is meant to be executing agreements under the solicitation schedule for the 2022 RFP.

This may present a significant challenge for new resources that are seeking to meet the required December 31, 2026 online date, especially if significant transmission upgrades are required to be completed to accommodate those resources between late 2023 (when final interconnection study results are expected to be available) and the end of 2026 (by which time resources selected in the 2022 RFP are required to come online). Additionally, many generators will make large deposits and may become subject to withdrawal penalties, paid to PacifiCorp (for use on future study costs), if they end up withdrawing due to not being selected in the 2022 RFP. None of these outcomes are efficient for PacifiCorp, for interconnection customers, or for ratepayers and they should be avoided going forward.

Conclusion: Going Forward PacifiCorp Should Make Every Effort to Align Procurement with the Cluster Study Process and, in the Current RFP, PacifiCorp should extend the Required Online Date beyond 2026

Unfortunately, there doesn't appear to be a reasonable way to "change" the dynamic described above as it applies to the 2022 RFP and 2022 cluster study window, given that the issuance of the 2022 RFP has already been delayed and it would be next to impossible to have a short list identified ahead of the closing of the Cluster Request Window around May 16, 2022. However, WPTF believes that it is important for the Utah Commission, stakeholders, and policy



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makers to understand the issues that are likely to arise when RFPs are not appropriately coordinated with the timing of “first-ready, first-served” interconnection processes’ cluster study window. WPTF hopes that, going forward, PacifiCorp will make every effort to better align these processes and that the Commission will encourage this type of alignment ahead of the issuance of future RFPs.

Additionally, given the difficulty that resources that may wish to bid into the 2022 RFP will likely have in coming online by end the of 2026, we urge the Commission to consider requiring PacifiCorp to extend the current required COD deadline for resources that are part of the 2022 RFP out to December 31, 2028. This type of an extension will allow for projects to move forward that will otherwise be kicked out as a result of the delays related to large amount of interconnection requests as described above. This, in turn, will help increase the competition and slate of resources that can be considered for selection in the 2022 RFP.

Thank you,

A handwritten signature in black ink, appearing to read "Caitlin Liotiris", is positioned above the printed name.

Caitlin Liotiris
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