

Rocky Mountain Power
Docket No. 22-035-03
Witness: Shayleah J. LaBray

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Shayleah J. LaBray - ERRATA

January 2022

1 **Q. Please state your name, business address, and position with PacifiCorp.**

2 A. My name is Shayleah J. LaBray. My business address is 825 NE Multnomah Street,
3 Suite 600, Portland, Oregon 97232. My position is Vice President, Resource Planning &
4 Acquisitions. I am testifying on behalf of PacifiCorp d/b/a Rocky Mountain Power
5 (the “Company”).

6 **Q. Please describe the responsibilities of your current position.**

7 A. I am responsible for aspects of PacifiCorp’s resource planning and procurement functions,
8 which includes the integrated resource plan (“IRP”), structured commercial business and
9 valuation activities, and long-term load forecasts. Most relevant to this docket, I am
10 responsible for conducting competitive request for proposal (“RFP”) processes consistent
11 with applicable state procurement rules and guidelines.

12 **Q. Please describe your professional experience and education.**

13 A. I joined PacifiCorp in September 2001 and assumed the responsibilities of my current
14 position in September 2021. Over this period, I held several analytical and leadership
15 positions within the Company. I have been involved in the IRP process at PacifiCorp
16 since 2016. I have been directly involved in the Company’s most recent 2020 All-Source
17 RFP (“2020AS RFP”) process and economic analysis supporting a range of resource
18 investment opportunities. Before taking on the responsibilities of my current role, I held
19 analytical and leadership roles in transmission overseeing the Company’s transmission
20 annual formula rate and managing transmission contracts, managing state regulatory
21 affairs, and developing customer service support systems. I graduated from Robert D.
22 Clark Honors College at the University of Oregon in 2000 and received a Bachelor of
23 Science degree in Business Administration.

24 **PURPOSE AND SUMMARY OF TESTIMONY**

25 **Q. What is the purpose of your testimony?**

26 A. The purpose of my testimony is to provide and explain the information, data, models and
27 analyses used to evaluate the resources for which the Company is seeking a waiver of the
28 significant energy resource approval process. Specifically, I describe the projects selected
29 as a result of the solicitation process approved by the Public Service Commission of Utah
30 (“Commission”) in Docket No. 20-035-05.¹ I also explain how the economic benefits of
31 the resources were further validated in the Company’s 2021 IRP.

32 **Q. Please summarize your testimony.**

33 A. The Company seeks a waiver of the significant energy resource approval process under
34 Utah Code section 54-17-501 for five projects selected through the 2020AS RFP. This
35 solicitation process was approved by the Commission and overseen by an independent
36 evaluator, Merrimack Energy Group, Inc. (“Merrimack”) in Utah and an independent
37 evaluator, PA Consulting Group, Inc. in Oregon. The Company used 2019 IRP modeling
38 tools including the System Optimizer (“SO”) and Planning and Risk (“PaR”) models to
39 evaluate the projects under varying price-policy assumptions. The Company subsequently
40 used the 2021 IRP modeling system, Plexos, as a further validation that the 2020AS RFP
41 final shortlist, including the projects described in detail below, continue to provide
42 customer benefits.

¹ *Application of Rocky Mountain Power for Approval of Solicitation Process for 2020 All Source Request for Proposals*, Docket No. 20-035-05. Order Approving 2020 All Source RFP (July 17, 2020).

43 **SIGNIFICANT ENERGY RESOURCE PROJECTS**

44 **Q. Please provide a brief description of the projects for which a Company seeks a waiver**
45 **of the significant energy resource approval requirement.**

46 A. The Company seeks a waiver for the following significant energy resource additions being
47 procured through either a power-purchase agreement (“PPA”), a battery-storage agreement
48 (“BSA”), or a build-transfer agreement (“BTA”), which I will refer to collectively in this
49 testimony as the “Projects”:

- 50 • Boswell Springs Wind PPA (320 megawatts (“MW”))
- 51 • Cedar Springs IV Wind PPA (350 MW)
- 52 • Dominguez I Battery Storage Agreement (“BSA”) (200 MW)
- 53 • Green River I & II Solar + Storage PPA (400 MW)
- 54 • ~~Roek Creek I~~Rock Creek II Wind BTA (400 MW)

55 Except for the BSA, each of the significant energy resource additions is a renewable
56 energy resource under Utah Code Ann. § 54-17-602(10) with a nameplate capacity
57 exceeding 300 MW. The BSA is a significant energy resource that exceeds 100 MW of
58 generating capacity. The term of each of the contracts for purchase of electricity and
59 electric generating capacity exceeds ten years. ~~Roek Creek I~~Rock Creek II will be owned
60 by the Company after construction has been completed. The Projects are scheduled to
61 come online in 2024.

62 **2020 ALL SOURCE RFP**

63 **Q. Please provide an overview of the 2020AS RFP.**

64 A. The 2020AS RFP sought resources to meet the Company’s projected resource need
65 identified in the 2019 IRP and confirmed in the 2021 IRP. Conducting the 2020AS RFP

66 was described as action item 2b in the 2019 IRP. Based on the cost-and-performance
67 assumptions for proxy resources in the 2019 IRP, the Company expected that new wind,
68 solar and battery energy storage systems (“BESS”) were likely to be the most cost-
69 competitive types of resources offered into the 2020AS RFP. However, bidders could offer
70 proposals for other types of resources (*i.e.*, natural gas, pumped storage, *etc.*).

71 **Q. Did the Commission approve the solicitation process used in the 2020AS RFP?**

72 A. Yes. The Commission approved the solicitation process in Docket No. 20-035-05.²

73 Concerning the Company’s solicitation process at issue in that docket, the Commission
74 stated:

75 In addition to the solicitation’s inclusivity and extensive, methodical review
76 process, we find the Final Proposed RFP provides a commendably
77 transparent process, providing relatively exhaustive and well-defined
78 requirements to bidders at the same time, in a reasonably clear and concise
79 manner. We conclude this is consistent with both the letter and spirit of the
80 Act and further maximizes the likelihood the process will identify and select
81 resources in the public interest.

82
83 **Q. When was the 2020AS RFP released to the market?**

84 A. The Company filed for and received approval of the 2020AS RFP from the Commission
85 and from the Oregon Public Utility Commission (“Oregon Commission”) (Docket No. UM
86 2059).³ PacifiCorp released the 2020AS RFP to the market on July 7, 2020.

87 **Q. What was the market response to the 2020AS RFP?**

88 A. The 2020AS RFP elicited a robust market response that produced over 28,000 MW of
89 conforming bids with an additional 12,500 MW of bids that did not conform with minimum

² *Id.*

³ The Oregon Commission has established competitive bidding requirements for certain resource acquisitions by Oregon’s investor-owned utilities. *See, In the Matter of the Rulemaking Regarding Allowances for Diverse Ownership of Renewable Energy Resources*, Docket No. AR 600, Order No. 18-324, Appendix A (Aug. 30, 2018). *See also In the Matter of PacifiCorp Application for Approval of 2020 All Source Request for Proposal*, OPUC Docket No. UM2059, Order No. 20-228 (July 16, 2020).

90 requirements set forth in the 2020AS RFP.

91 **Q. How did the Company evaluate the bids that were submitted?**

92 A. The first step in the process was identification of the initial shortlist, which PacifiCorp
93 made public on October 30, 2020. The initial shortlist included 5,453 MW of renewable
94 resource capacity: 2,974 MW of solar or solar with storage (1,130 MW of battery
95 storage) and 2,479 MW of wind. The initial shortlist also included 200 MW of
96 standalone BESS. PacifiCorp then initiated a capacity factor evaluation process
97 (performed by third-party expert WSP Global). The initial shortlist contained a mix
98 of various ownership structures, including proposals for PPAs, BTAs, and BSAs.

99 **Q. Please describe how PacifiCorp selected the final shortlist.**

100 A. Consistent with the bid evaluation and selection process outlined in the 2020AS RFP, the
101 final shortlist selection process was implemented in two phases: the portfolio-development
102 phase and the scenario-risk phase. At the time it conducted this analysis, the Company was
103 using the SO model and the PaR model, consistent with the 2019 IRP and previous
104 IRPs. The SO and PaR models are described in Volume I, Chapter 7 of the 2019 IRP.⁴

105 **Q. Please describe the analysis conducted in the portfolio-development phase.**

106 A. The portfolio-development phase identified the least-cost combination of bids using a
107 methodology consistent with the approach used to produce resource portfolios in
108 PacifiCorp's IRP.

109 First, the best-and-final pricing for each bid was processed and incorporated
110 into the SO and PaR models as modeling inputs.

⁴ See PacifiCorp's 2019 Integrated Resource Plan, Docket No. 19-035-02.

111 Second, the SO model was used to develop bid portfolios containing the least-cost
112 combination of bids over a 20-year planning horizon (2019 through 2038). The SO model
113 optimized its resource portfolio selections from all the bids included in the initial shortlist,
114 as well as from all other proxy-resource alternatives used to develop resource portfolios in
115 PacifiCorp’s 2019 IRP (e.g., front-office transactions or “FOTs,” RFP demand-side
116 management resources, etc.). PacifiCorp did not force the SO model to select any bid or
117 any combination of bids. PacifiCorp initially developed bid portfolios for three price-policy
118 scenarios, which reflect different pairings among three natural-gas price forecasts and three
119 carbon-dioxide (“CO₂”) price forecasts (i.e., a Low gas / No CO₂ “LN”, Medium gas /
120 Medium CO₂ “MM”, and High gas / High CO₂ “HH”).

121 **Q. Please describe the scenario-risk phase.**

122 A. The scenario-risk phase of the bid-evaluation process was implemented by evaluating the
123 different resource portfolios (those produced when LN, MM, and HH price-policy
124 assumptions were applied) under each of the three price-policy scenarios. This step
125 provides insight as to how each of the three bid portfolios perform under a range of
126 conditions. The Company also performed sensitivities to test bid selections and system
127 costs under alternative market price assumptions, market sale assumptions, and federal tax
128 incentive assumptions.

129 **Q. What resources were identified for inclusion on the final shortlist based on the bid
130 evaluation and selection process outlined above?**

131 A. After evaluating a range of potential bid portfolios, and after accounting for bid updates
132 resulting from interconnection study results, the Company selected the final shortlist,
133 which includes:

- 134 • 1,792 MW of new wind capacity
- 135 ▪ 590 MW as BTAs
- 136 ▪ 1,202 MW as PPAs
- 137 • 1,302 MW of solar capacity as PPAs
- 138 • 697 MW of BESS
- 139 ▪ 497 MW of BESS capacity is paired with solar bids
- 140 ▪ 200 MW is standalone BESS capacity as a BSA

141 The final shortlist includes the following Projects for which the Company seeks a waiver.

142 1. Boswell Springs Wind PPA.

143 The Boswell Springs Wind PPA will set forth the terms and conditions for the
144 Company to purchase up to 320 MW of wind-generated electricity from a facility located
145 in eastern Wyoming. The term of the PPA is 30 years. Approval is required under Utah
146 Code Ann. § 54-17-302 because it is a contract for more than 300 MW of electricity and
147 electrical generating capacity with a term longer than 10 years.⁵ It is considered a
148 renewable energy source under Utah Code Ann. § 54-17-601(10)(a)(i).

149 2. Cedar Springs IV Wind PPA.

150 The Cedar Springs IV Wind PPA will set forth the terms and conditions for the
151 Company to purchase up to 350 MW of wind-generated electricity from a facility located
152 in eastern Wyoming. The term of the PPA is 30 years. Approval is required under Utah
153 Code Ann. § 54-17-302) because it is a contract for more than 300 MW of electricity and

⁵ While the definition of “significant energy resource” under Utah Code Ann. § 54-17-102(4) includes resources with 100 MW or more of generating capacity, Utah Code Ann. § 54-17-502(1) modifies the resource approval process for renewable energy sources to include only projects with a nameplate capacity of 300 MW or more.

154 electrical generating capacity with a term longer than 10 years. It is considered a renewable
155 energy source under Utah Code Ann. § 54-17-601(10)(a)(i).

156 3. Dominguez I BSA.

157 The Dominguez I Battery BSA will set forth terms and conditions for the Company to
158 purchase up to 200 MW of battery capacity located in northern Utah. The term of the BSA
159 is 15 years. It meets the definition of “significant energy resource” under Utah Code Ann.
160 § 54-17-102(4)(b) because it is a contract for more than 100 MW of electricity with a term
161 longer than 10 years, and therefore approval is required under Utah Code Ann. § 54-17-
162 302.

163 4. Green River I & II Solar + Storage PPA.

164 The Green River I & II PPA will set forth the terms and conditions for the Company to
165 purchase up to 400 MW of solar generated electricity from a facility located in southern
166 Utah. The term of the PPA is 20 years. Approval is required under Utah Code Ann. § 54-
167 17-302 because it is a contract for more than 300 MW of electricity and electrical
168 generating capacity with a term longer than 10 years. It is considered a renewable energy
169 source under Utah Code Ann. § 54-17-601(10)(a)(ii).

170 5. ~~Roek Creek I~~Rock Creek II Wind BTA.

171 The ~~Roek Creek I~~Rock Creek II Wind BTA will set forth the terms and conditions for
172 the Company to purchase a 400 MW wind generation facility in eastern Wyoming.
173 Approval is required under Utah Code Ann. § 54-17-302 because it the acquisition of new
174 generating capacity of more than 300 MW that has a dependable life of 10 or more years.
175 It is also considered a renewable energy source under Utah Code Ann. § 54-17-
176 601(10)(a)(i).

177 **Q. Did PacifiCorp conduct the 2020AS RFP under the oversight of independent**
178 **evaluators?**

179 A. Yes. PacifiCorp conducted the solicitation process in accordance with the approvals
180 received from the Utah and Oregon Commissions and with the comprehensive oversight
181 of two independent evaluators—one retained by PacifiCorp and appointed by the Utah
182 Commission (Merrimack Energy Group) and one retained by the Oregon
183 Commission (PA Consulting Group, Inc.).

184 **Q. What were the independent evaluators' conclusions regarding the 2020AS RFP?**

185 A. Both independent evaluators concluded that the process was fair and transparent, and that
186 the bids selected to the final shortlist were reasonable.

187 **Q. Please describe the Utah independent evaluator's conclusions regarding the 2020AS**
188 **RFP.**

189 A. In its Shortlist Report,⁶ the Utah independent evaluator concluded that the RFP was fair,
190 reasonable, and in the public interest. In particular, the Utah independent
191 evaluator concluded:

- 192 • The market response to the RFP was robust and, “Based on the unbelievable
193 response from the market it is safe to say that the solicitation process resulted
194 in a very competitive process with many more proposals generally submitted
195 than the expected requirements by bubble identified by PacifiCorp.”⁷
- 196 • PacifiCorp engaged the bidders throughout the process in a timely manner
197 to ensure that all bidders were treated fairly.

⁶ *Application of Rocky Mountain Power for Approval of Solicitation Process for 2020 All Source Request for Proposals*, Docket No. 20-035-05. Shortlist Report of the Independent Evaluator, Merrimack Energy Group, Inc. (Sept 2, 2021).

⁷ *Id.* at 74

- 198 • All bidders were treated the same, had access to the same information at the
- 199 same time, and had an equal opportunity to compete.
- 200 • PacifiCorp implemented its evaluation and selection process consistent
- 201 with its proposed evaluation and selection process as outlined in the RFP in a
- 202 structured and consistent manner designed to result in the selection of a
- 203 portfolio of projects that would result in a least cost solution.
- 204 • PacifiCorp subjected all bidders to the same information requirements and
- 205 conducted a consistent evaluation process with all proposals treated equally in
- 206 terms of the evaluation methodology and information required of each bidder.
- 207 • The selection process was unbiased with respect to ownership structures,
- 208 i.e., the process did not unreasonably favor bids that resulted in a utility-owned
- 209 resource.

210 **Q. Please describe the Oregon independent evaluator’s conclusions regarding the**
211 **2020AS RFP.**

212 A. In its Closing Report,⁸ the Oregon independent evaluator concluded that the final shortlist
213 reflected a diverse portfolio of competitive resources that achieves the resource adequacy
214 and least cost goals set forth in PacifiCorp’s IRP, based on the following conclusions:

- 215 • PacifiCorp’s procurement process, scoring methodology and results were
- 216 fair and free of bias across all bids and bidders.
- 217 • PacifiCorp applied the rules of the 2020AS RFP in an unbiased manner,
- 218 communicated transparently with the independent evaluators regarding their
- 219 modelling processes and with stakeholders regarding their decisions.

⁸ The Closing Report was filed by PacifiCorp in Oregon Commission docket UM 2059 on June 15, 2021, and is available here: <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=22320>.

- 220 • PacifiCorp’s bid price scores were on average consistent with
221 the independent evaluator’s independent scoring methodology.
- 222 • PacifiCorp’s utilization of an outside consultant, WSP Global, to evaluate
223 wind, solar, and battery storage benefitted stakeholders.
- 224 • The final shortlist was reasonably aligned with the 2019 IRP preferred
225 portfolio.

226 MODELING ASSUMPTIONS

227 **Q. Besides the analysis discussed above, did the Company use any other information,**
228 **data, models, and analyses used to evaluate the Projects.**

229 A. Yes. The Company confirmed its evaluation of the 2020AS RFP including the Projects
230 using the more advanced Plexos modeling system implemented for the 2021 IRP, rather
231 than the SO model and PaR that were used in prior IRPs.

232 **Q. Please describe the Plexos model.**

233 A. The Plexos modeling system provides three platforms (referred to as Long-term (“LT”),
234 Medium-term (“MT”) and Short-term (“ST”)), which work on an integrated basis to inform
235 the optimal combination of resources by type, timing, size, and location over PacifiCorp’s
236 20-year planning horizon. The Plexos modeling system also allows for improved
237 endogenous modeling of resource options, greatly reducing the number of individual
238 portfolios needed to evaluate impacts of varying resource decisions.

239 **Q. Please describe how PacifiCorp confirmed its evaluation of the 2020AS RFP using the**
240 **Plexos modeling system.**

241 A. In its 2021 IRP, filed with PacifiCorp’s six state utility commissions on September 1, 2021,

242 PacifiCorp conducted a variant analysis on the top performing portfolio, P02-MM.⁹ That
243 variant analysis, P02d-No RFP, removed all resources from the 2020AS RFP final shortlist,
244 including the Projects, and evaluated the effect of the resulting changes in proxy resources
245 and system costs. The present value revenue requirement differential of the P02d-No RFP
246 portfolio compared to the top performing P02-MM portfolio was over \$1 billion higher
247 cost on both an expected and risk-adjusted basis further confirming the benefits to
248 customers of the 2020AS RFP final shortlist, including the Projects. The P02d-No RFP
249 portfolio also resulted in higher market reliance risk when the 2020AS RFP resources were
250 removed.

251 **Q. Does this conclude your direct testimony?**

252 A. Yes.

⁹ See PacifiCorp's 2021 Integrated Resource Plan, Docket No. 21-035-09