

Rocky Mountain Power  
Docket No. 23-035-11  
Witness: Craig M. Eller

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Direct Testimony of Craig M. Eller

March 2023

1                                   **INTRODUCTION OF WITNESS AND QUALIFICATIONS**

2   **Q.    Please state your name, business address, and present position with PacifiCorp,**  
3           **d/b/a Rocky Mountain Power (“Rocky Mountain Power” or the “Company”).**

4   A.    My name is Craig M. Eller. My business address is 1407 West North Temple, Suite  
5           310, Salt Lake City, Utah 84116. My present position is Vice President, Business Policy  
6           and Development for Rocky Mountain Power.

7   **Q.    Please summarize your education and business experience.**

8   A.    I have a Bachelor of Science in Mechanical Engineering from the University of  
9           Nebraska. I have been employed with PacifiCorp since July 2020 as the Vice President  
10          of Business Policy and Development responsible for strategic planning, stakeholder  
11          engagement, regulatory support, and development and execution of major transmission  
12          projects. Prior to my current role, I worked at Northern Natural Gas Company, an  
13          affiliate of the Company, from 2007 through 2020 in various business development,  
14          commercial marketing and engineering roles.

15 **Q.    Have you appeared as a witness in previous regulatory proceedings?**

16 A.    Yes. I have previously filed testimony on behalf of the Company in regulatory  
17          proceedings in Utah, Wyoming, and Idaho.

18                                   **PURPOSE OF TESTIMONY**

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

20 A.    I discuss the circumstances surrounding the Company’s decision to request waivers of  
21          the regulatory requirements for a solicitation process and preapproval of a significant  
22          energy resource (“SER”) decision for a new resource that the Company is contracting  
23          with on behalf of a single customer taking service under Electric Service Schedule

24 No. 34, Renewable Energy Purchases for Qualified Customers – 5,000 kW and Over  
25 (“Schedule 34”). I also explain why granting the waivers is in the public interest.

26 **Q. Please provide an overview of the resource for which the Company is seeking**  
27 **waivers of the solicitation and preapproval of a SER decision requirements.**

28 A. The Company seeks waivers of the solicitation and preapproval of a SER decision  
29 requirements for the Faraday Solar and Battery Storage project, which consists of a 525  
30 megawatt (“MW”) power purchase agreement (“PPA”) and battery storage agreement  
31 (“BSA”) for 150 MW with 4-hour duration.

32 **Q. Can you please provide a description of the contracts the Company has entered**  
33 **into with respect to this resource?**

34 A. A PPA has been executed between PacifiCorp and Faraday Solar B, LLC for 525 MW  
35 of output from a solar generating facility located in Utah County, Utah. The expected  
36 commercial operation date (“COD”) of the PPA is September 30, 2025, with the  
37 Schedule 34 customer taking output on the same date. A BSA has been executed  
38 between PacifiCorp and Faraday Energy Storage, LLC for 150 MW with 4-hour  
39 duration located at the same site of the solar generating facility in Utah County, Utah.  
40 The expected COD for the BSA is June 1, 2026, with the Schedule 34 customer taking  
41 output on the same date. The term of both the PPA and BSA became effective on  
42 January 20, 2023 and expires April 30, 2046.

43 **Q. Can you please provide a brief history of the Company’s Schedule 34?**

44 A. In 2016, the legislature passed the Sustainable Transportation and Energy Plan Act  
45 (“STEP ACT”),<sup>1</sup> which codified section 54-17-806 of the Public Utilities Code. The

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<sup>1</sup> Sustainable Transportation and Energy Plan Act, 2016 Utah Laws Ch. 393 (S.B. 115).

46 STEP Act enables another option for electric utilities to provide qualifying customers  
47 the ability to contract with the utility to have renewable energy purchased on their  
48 behalf. Pursuant to the STEP Act, the Company filed Schedule 34, which the  
49 Commission approved in Docket No. 16-035-T09.<sup>2</sup> Schedule 34 establishes the terms  
50 and conditions for Commission approval of a contract with a customer. The Company  
51 has executed renewable energy service contracts with seven customers.<sup>3</sup>

52 **Q. For which Schedule 34 customer is this resource being procured?**

53 A. The resource was selected and is being procured under the Company's existing  
54 Schedule 34 renewable energy services contract ("RESC") with Stadion, LLC,  
55 ("Schedule 34 Customer") a wholly owned subsidiary of Meta Platforms, Inc., which  
56 the Commission approved on August 18, 2016, in Docket No. 16-035-27.<sup>4</sup> As  
57 contemplated under the RESC, this will be the seventh renewable resource PacifiCorp  
58 has procured on behalf of the Schedule 34 Customer.

59 **Q. Why is the Company seeking a waiver of the solicitation and approval of a SER**  
60 **decision requirements for this resource?**

61 A. The Company seeks a waiver of the solicitation and approval of a SER decision  
62 requirements because the resource was selected and will be paid for by a single  
63 customer as provided for under Utah Code 54-17-806(1) and Schedule 34. The Energy

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<sup>2</sup> *In the Matter of Rocky Mountain Power's Proposed Electric Service Schedule No. 34, Renewable Energy Tariff*, Docket No. 16-035-T09, Order Memorializing Bench Ruling Approving Settlement Stipulation (Aug. 18, 2016); *Tariff Approval Letter for Advice Letter No. 18-05* (Oct. 9, 2018) for revisions to Schedule 34 to incorporate changes recommended by the Division of Public Utilities in its August 1, 2018 filing

<sup>3</sup> See Docket No. 16-035-27 and Docket No. 20-035-37.

<sup>4</sup> *In the matter of the Application of Rocky Mountain Power for Approval of a Renewable Energy Service Contract between Rocky Mountain Power and Facebook, Inc. Pursuant to Tariff Electric Service Schedule*, Order Memorializing Bench Ruling Approving Renewable Energy Service Contract with Facebook, Inc., Docket No. 16-035-27 at 1-2(August 29, 2016) (noting that the Commission entered a bench ruling approving the contract on August 18, 2016). The Commission subsequently approved a Third Amendment to the RESC in Docket No. 22-035-30 on September 22, 2022.

64 Resource Procurement Act<sup>5</sup> requires a solicitation process and approval of a SER  
65 decision for renewable resources that are greater than 300 MW.<sup>6</sup> Therefore, the size of  
66 the resource triggers the requirement; however, this will not be a system resource that  
67 is paid for by the Company's other customers.

68 **Q. Is the Schedule 34 Customer responsible for the costs associated with this resource**  
69 **under the RESC?**

70 A. Yes. The contract structure and rate design of the RESC makes the Schedule 34  
71 Customer responsible for the full costs of any renewable resource acquired by the  
72 Company on its behalf. In particular, 100 percent of the actual costs of the renewable  
73 resources are passed through to the Schedule 34 Customer. In the event of default or  
74 early termination, the Schedule 34 Customer is still responsible for any costs associated  
75 with the resource as governed by the terms of the contracts. Adequate credit provisions  
76 are also in place to ensure the Company and other customer are protected in the event  
77 of default or early termination.

78 **Q. Has the Commission found that the RESC provides for reasonable protections**  
79 **against shifting costs to other customers?**

80 A. Yes. In approving the RESC, the Commission provided:

81 Based on the record before us, we find that the Contract provides  
82 reasonable protections against shifting costs to other customers  
83 while meeting the renewable energy needs of Facebook. PacifiCorp

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<sup>5</sup> The Act is codified at Utah Code Ann. §§ 54-17-101 through 909.

<sup>6</sup> Utah Code 54-17-201; Utah Code 54-17-302. A significant energy resource is defined in Utah Code Ann. § 54-17-102(4) and includes the acquisition of a resource that is 100 MW or more of new generating capacity with a dependable life of 10 or more years or the purchase of electricity or electric generation capacity of over 10 MW with a contract term of 10 or more years. If the "significant energy resource" is also a "renewable energy source" as defined in Utah Code Ann. § 54-17-601, approval is only required if the nameplate capacity exceeds 300 MW.

84 represents, and no party disputes, that all Utah customers will  
85 benefit from approval of the Contract.<sup>7</sup>

86 **Q. Does the Company believe that granting the requested waivers of the solicitation**  
87 **and approval of a SER decision requirements are in the public interest?**

88 A. Yes. Under the terms of the RESC customers are protected from cost shifting of the  
89 resource. The Company has previously notified the Commission of six additional  
90 resources procured under the RESC after its approval, on September 9, 2019, August  
91 13, 2020, and July 30, 2021. However, the size of these resources did not trigger the  
92 solicitation and approval of a SER decision requirements. As in the selection of these  
93 other resources, the Schedule 34 Customer has voluntarily selected and has agreed to  
94 pay for the resource described in this Application. Granting the requested waiver is in  
95 the public interest because the Schedule 34 Customer has voluntarily selected and  
96 agreed to pay for this resource consistent with the Step Act, Schedule 34, and the RESC  
97 approved by the Commission.

98 **Q. Does the Company claim that the project is an “emergency” or a “time-limited**  
99 **commercial or technical opportunity” under Utah Code 54-17-501?**

100 A. No.

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<sup>7</sup> *In the matter of the Application of Rocky Mountain Power for Approval of a Renewable Energy Service Contract between Rocky Mountain Power and Facebook, Inc. Pursuant to Tariff Electric Service Schedule, Order Memorializing Bench Ruling Approving Renewable Energy Service Contract with Facebook, Inc., Docket No. 16-035-27 at 3 (August 29, 2016).*

101 **Q. Commission Rule R746-430-4(1)(g) requires the Company to identify the**  
102 **information, data, models and analyses used by the utility to evaluate the proposed**  
103 **resource and associated waiver request. Given the resource is intended to be a**  
104 **Schedule 34 resource that is paid for by a single customer, how did the Company**  
105 **evaluate the proposed resource?**

106 A. As noted previously, the Schedule 34 Customer is responsible for 100 percent of the  
107 project costs, so the Company focused its evaluation on other aspects of the agreement.  
108 Specifically, the Company ensured that the contract provided assurances and  
109 protections such as performance guarantees, operating characteristics, and financial  
110 security obligations, consistent with the requirements in its standard procurement  
111 practices (e.g., 2020 All Source Request for Proposals) to ensure adequate protections  
112 for customers.

#### 113 **REQUEST FOR WAIVER OF SOLICITATION PROCESS**

114 **Q. What are the Commission Rules that pertain to requests for waivers of the**  
115 **solicitation process?**

116 A. Commission Rules governing requests for waivers of a solicitation process are found  
117 in R746-430-4(f) parts (i) through (vi).

118 **Q. In accordance with R746-430-4(f)(i), please describe how the resource is**  
119 **accounted for in PacifiCorp's current Integrated Resource Plan ("IRP").**

120 A. The Faraday Solar and Battery Storage project was not part of either the Company's  
121 2021 IRP or its 2021 IRP Update. The load for which this resource is being procured  
122 under Schedule 34 was also not part of either the 2021 IRP or the 2021 IRP Update.

123 **Q. As required by R746-430-4(f)(ii), please describe how the resource compares with**  
124 **the Company’s 2022 all source request for proposals (“2022AS RFP”) solicitation**  
125 **process and what affect procurement of the particular resource will have on the**  
126 **2022AS RFP.**

127 A. The Company’s 2022AS RFP will accept and evaluate all resource types, subject to  
128 certain minimum criteria. The Company has received a robust number of Notice of  
129 Intent to Bid responses from potential bidders in the 2022AS RFP and anticipates  
130 receiving bids for a variety of resource offerings.

131 **Q. What effects, if any, does the Company anticipate this resource will have on future**  
132 **resource acquisitions?**

133 A. Because this resource is being procured for a new load under Schedule 34 and the new  
134 load was not part of either the 2021 IRP or the 2021 IRP Update load forecast, the  
135 Company does not expect a material impact on future resource acquisitions.

136 **Q. As required by R746-430-4(f)(iii), please describe how the Company evaluates the**  
137 **value of this resource in relation to similar resources.**

138 A. It is important to note that the valuation of this resource is significantly different than  
139 valuations completed for resources acquired by the Company to serve system loads. In  
140 this instance, the Schedule 34 customer is responsible for 100 percent of the resource  
141 costs resulting in a resource that is not paid for by other customers. In exchange, the  
142 Schedule 34 customer avoids purchase of system energy for energy produced by the  
143 facility, contributes to system capacity to offset its expected peak load, and obtains any  
144 renewable energy certificates produced by the facility. The Company retains all  
145 dispatch rights on the resource including how and when the battery facility is charged



146 and discharged, which provides overall system benefits. In addition, the PPA and BSA  
147 include performance guarantees, operating characteristics, and financial security  
148 obligations, consistent with the requirements in the Company's standard procurement  
149 practices to other customers are not harmed by the resource's performance.

150 **Q. As required by R746-430-4(f)(iv), please describe how the resource will be**  
151 **connected to and will be integrated with PacifiCorp's system.**

152 A. The resource has sought interconnection with PacifiCorp's system and is finalizing its  
153 large generator interconnection agreement. The arrangement will require the  
154 construction of a new substation for the facility which will be paid for by the seller.

155 **Q. In accordance with R746-430-4(f)(v), does the Company anticipate recovering any**  
156 **of the costs of this resource from Utah customers other than the Schedule 34**  
157 **Customer?**

158 A. No. In accordance with the terms and conditions of the RESC, the Schedule 34  
159 Customer will be responsible for 100 percent of the costs associated with the resource  
160 as governed by the terms of the contracts.

161 **Q. Please describe the adjustment to the EBA for the Schedule 34 Contract.**

162 A. Power purchase agreement costs and generation from renewable energy facilities that  
163 serve load for the customer are removed from net power costs in the EBA and any  
164 excess generation is purchased at Electric Service Schedule No. 37 avoided costs rates.

165 **RECOMMENDATION**

166 **Q. Please summarize the Company's recommendation.**

167 A. I recommend the Commission approve the Company's requested waivers of the  
168 solicitation and significant energy resource decisions requirements.

169 Q. Does this conclude your direct testimony?

170 A. Yes.