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Salt Lake City, Utah 84114

March 28, 2022

VIA ELECTRONIC FILING

Gary Widerburg
Commission Administrator
Public Service Commission of Utah
Heber M. Wells Building
160 East 300 South
Salt Lake City, Utah 84114

Re: Notice of Non-Competitive Procurement with Sonnen, Inc

Dear Commissioners:

In accordance with PacifiCorp's ("the Company") Procurement Policy, the Company must report to the Public Service Commission of Utah ("Commission") purchases of goods or services exceeding \$1,000,000 that are not competitively bid. This letter hereby serves as notice that PacifiCorp has entered a non-competitively bid contract with Sonnen, Inc. ("Sonnen") that exceeds \$1,000,000. The contract is to purchase services for a Distributed Battery Grid Management System ("DBGMS") and associated ancillary services for the battery demand response program offered by the Company's Wattsmart Battery program. The total contract value is a maximum of \$ [REDACTED] over a contract term of [REDACTED] years.

Pursuant to PacifiCorp's Procurement Policy, a supplier may be awarded a contract on a non-competitive basis under certain circumstances, such as when competitive bidding is impossible or impractical, or when otherwise a non-competitive procurement has been demonstrated to be in the best interest of the Company and its customers.

In 2019, the Company partnered with Sonnen to develop the battery demand response program at the Soleil Lofts, which was approved by the Commission as a Sustainable Transportation and Energy Plan ("STEP") project in Docket No. 16-035-36 on June 28, 2019 ("Soleil Project"). The Soleil Project is an innovative solar and battery storage solution concept that enables the Company to dispatch 600 individual batteries located in a 600 unit multi-family community. The Soleil Project features solar panels on the rooftops of the apartments and a large battery within each unit. The batteries are integrated into the Company's grid for system-wide demand response through a DBGMS that is owned and managed by Sonnen. The Soleil Project is intended to be a proof-of-concept test project for demand response programs involving the dispatch of customer-owned batteries. The Soleil Project began in 2019 with the completion of 125 units and the full 600 units were complete and fully operational as of December 2021, providing the Company valuable experience with solar and battery integration. The Sonnen batteries at the Soleil Project are utilized on a continual basis and there has been no measureable degradation impacting efficiency and/or performance of the batteries. Due to the high quality Sonnen batteries installed at the Soleil Project the Company expects the efficiency and performance of the batteries to continue for many years.

Accordingly, in February 2022, the Company executed a contract¹ with Sonnen as a sole source provider for the Wattsmart Battery program. The Wattsmart Battery program is a load management program offered under Electric Service Schedule 114 – Load Management Program that was approved by the Commission on September 30, 2020. Under the Wattsmart Battery program, the Company promotes and provides incentives for customers to install individual batteries for system-wide integration and grid management. The Sonnen contract provides DBGMS and associated ancillary services for the batteries to be integrated into the Company’s Energy Management System for demand response. Sonnen was selected for a sole source contract since their DBGMS is already in place, is connected with the Company’s energy management system and has proven effective through the Soleil Project. The Company’s customers in Utah will benefit from this contract as it leverages the STEP funds that were previously spent on impelenting and testing the DBGMS. If the Company competitively bid these services, it would likely not lead to a more cost effective solution since the cost for Sonnen’s services are incremental to what has already been spent for the Soleil Lofts and using a different vendor would require paying for an entirely new system, requiring extensive testing prior to connecting to the Company’s Energy Management System.

If you have any questions, please feel free to contact Jana Saba at 801-220-2823.

Sincerely,

A handwritten signature in black ink that reads "Joelle Steward". The signature is written in a cursive, flowing style.

Joelle Steward
Senior Vice President, Regulation and Customer & Community Solutions

cc: Division of Public Utilities
Office of Consumer Services

¹ The Company originally executed an Energy Storage System Network Utility Power Management Agreement with Sonnen for the Soleil Project on October 22, 2019. On February 22, 2022 the Company executed a Form of Release under the same contract for the Wattsmart Battery program services.