

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR A) DOCKET NO. 20000-545-ET-18
MODIFICATION OF AVOIDED COST)
METHODOLOGY AND REDUCED TERM) RECORD NO. 15133
OF PURPA POWER PURCHASE)
AGREEMENTS)

**RESPONSES TO ROCKY MOUNTAIN POWER'S FIRST SET OF DATA REQUESTS
TO THE RENEWABLE ENERGY COALITION & THE ROCKY MOUNTAIN
COALITION FOR RENEWABLE ENERGY**

The Renewable Energy Coalition ("REC") hereby submits its responses to the first set of data requests from Rocky Mountain Power ("RMP") in this docket:

RMP Data Request 1.1

Please provide copies of all past and future data requests and data responses received by REC or sent by the REC to any other party in this docket. Please include both formal and informal responses.

Response to RMP Data Request 1.1

Provided under separate cover.

Respondent: John Lowe

Witness: Not Applicable

RMP Data Request 1.2

Please provide workpapers (with all formulas intact) supporting all values, tables, and figures referenced within the testimony submitted by each of the REC witnesses.

Response to RMP Data Request 1.2

REC's witnesses do not have any workpapers.

Respondent: John Lowe

Witness: None.

RMP Data Request 1.3

Refer to page 12, lines 271-276 of John Lowe's direct testimony in this matter, provide all REC or REC member's records, analysis, workpapers, or other information that demonstrates the costs of power purchase agreement ("PPA") negotiations.

- a. From January 1, 2015 to the present, provide all REC, or REC member, records or other information demonstrating the time it has taken to negotiate PPAs with the Company.
- b. From January 1, 2015 to the present, provide all REC, or REC member, records demonstrating the employee time devoted to negotiating PPAs with the Company.

Response to RMP Data Request 1.3

REC objects to this request to the extent it requests information not within the possession, custody, or control of REC. REC does not negotiate PPAs and does not have access to member records, analysis, workpapers, or other information that demonstrates the cost to REC members of PPA negotiations, the length of time it took to negotiate PPAs, or the employee time devoted to negotiating PPAs. REC further objects to the extent that the information requested is equally available to or in the possession, custody, or control of RMP. REC's members are publicly listed on its website at <http://www.recoalition.com/>, and RMP has within its possession the entities that have negotiated PPAs with RMP including the length of time it has taken to negotiate PPAs.

Without waiving its objections, REC responds as follows:

REC is aware of several publicly available cases regarding the negotiation of PPAs with RMP (or PacifiCorp) that provide illustrative examples regarding the length of time it may take to negotiate a PPA:

1. In a recently filed complaint before the Wyoming Public Service Commission, a solar developer submitted a request to RMP for an indicative pricing proposal pursuant to Schedule 38 and included all information required by Schedule 38 on November 6, 2017. As of the date of the filing of the complaint on April 15, 2019, RMP had not provided a draft PPA to commence negotiations. Therefore, the negotiations between those parties had been ongoing for at least 16 months prior to the filing of the complaint. *See Lincoln Solar I, LLC v. Rocky Mountain Power*, Docket No. 20000-559-EC-19, Record No. 15239, Complaint at ¶¶ 17, 64 (Apr. 15, 2019); *See also* Answer at ¶¶ 17, 64 (May 7, 2019).
2. In 2013, a wind developer noted that it had sought to negotiate a PPA with PacifiCorp in Wyoming "over several months." *Pioneer Wind Park I, LLC*, 145 FERC ¶61,215, P. 4 (Dec. 16, 2013).
3. In a case in Utah, RMP and a hydro developer began negotiations over a PPA on July 7, 2015 which continued until an informal complaint was filed on November 27, 2015 and ultimately resolved by the Utah Public Service Commission on July 29, 2016. Therefore, that PPA took about a year to fully negotiate/resolve. *See In*

re Application of Rocky Mountain Power for Approval of the Power Purchase Agreement between PacifiCorp and Thayn Hydro, L.L.C., Utah Public Service Commission Docket No. 16-035-04, Order at 4, 7, 16 (Jul. 29, 2016) (Available at: <https://pscdocs.utah.gov/electric/16docs/1603504/2873201603504o.pdf>).

4. Several cases in Oregon are also illustrative:
 - a. In one case between PacifiCorp and an irrigation district, it took 18 months to negotiate a Schedule 37 PPA from the time the irrigation district notified PacifiCorp of its desire to enter a PPA on June 5, 2009 until the final order approving a settlement in the case in December 2010. *See Farmers Irrigation District v. PacifiCorp*, Oregon Public Utility Commission Docket No. UM 1441, Order No. 10-493, 2 (Dec. 27, 2010) (Available at: <https://apps.puc.state.or.us/orders/2010ords/10-493.pdf>).
 - b. In another case, PacifiCorp and a co-generation facility negotiated under Schedule 38 for a little over three months from May 29, 2009 until September 4, 2019 when they reached a stalemate when PacifiCorp's rates changed and a complaint was filed. *See Int'l Paper Co. v. PacifiCorp*, Oregon Public Utility Commission Docket No. UM 1449, Order No. 09-439, 4-5 (Nov. 4, 2009) (Available at: <https://apps.puc.state.or.us/orders/2009ords/09-439.pdf>).
 - c. In yet another case, PacifiCorp and a geothermal project negotiated over a Schedule 37 PPA from August 5, 2013 until a complaint was filed 22 months later on June 22, 2015. *See Surprise Valley Elec. Coop. v. PacifiCorp*, Oregon Public Utility Commission Docket No. UM 1742, Complaint at ¶¶ 63, 131 (Jun. 22, 2015) (Available at: <https://edocs.puc.state.or.us/efdocs/HAA/haa162438.pdf>); *See also* Answer at ¶¶ 41, 89 (Jul. 29, 2015) (Available at: <https://edocs.puc.state.or.us/efdocs/HAC/um1742hac164751.pdf>). That case was eventually settled and dismissed another 14 months after the filing in August 2016. Therefore, those negotiations took a total of three years. *See Surprise Valley Elec. Coop. v. PacifiCorp*, Oregon Public Utility Commission Docket No. UM 1742, Order No. 16-317 (Aug. 22, 2016) (Available at: <https://apps.puc.state.or.us/orders/2016ords/16-317.pdf>).

The above examples are meant to be illustrative in an effort to demonstrate the time it takes to negotiate PPAs with RMP/PacifiCorp.

Further, REC is not aware of any state that has collected specific cost/time data in order to evaluate whether standard-offer contracts remove or reduce the time and cost of negotiations with Rocky Mountain Power. Rather, REC understands that standard-offer contracts are typically formatted as a fill-in-the blank and are not supposed to require significant negotiation.

Respondent: John Lowe

Witness: John Lowe

RMP Data Request 1.4

Referring to page 12 & 13, lines 277-304 of John Lowe's direct testimony in this matter, is the timing of the Company's determination of resource sufficiency in its integrated resource plans ("IRP") fixed, or can it vary based on new data reflected in updates or subsequent IRPs?

- a. Is the Company's capacity need as stated in its IRPs fixed, or can it vary based on new data in updates or subsequent IRPs?
- b. Could load growth in the Company's service territories drive up resource insufficiency, and therefore advance the date of capacity need in PacifiCorp's IRPs?
- c. Could new environmental regulations that force the earlier than anticipated closure of some of the Company's fossil generation drive up resource insufficiency, and therefore advance its current date of capacity need in the Company's IRPs?
- d. If the answer is "yes" to b or c, or both, is it possible for the advanced sufficiency or capacity need date to be moved forward enough to provide qualifying facilities ("QF") an opportunity to receive payment for both energy and capacity over a seven year term?

Response to RMP Data Request 1.4

The timing of a utility's resource sufficiency period is determined in the IRP process and it can change in subsequent IRPs with new or differing inputs, including the factors listed in this request, among others. It is possible, in theory, that the resource sufficiency period ends on the same day purchases commence under a contract, such that if the contract is for a seven-year term, the qualifying facility would be paid for energy and capacity for the entire seven year term. However, in REC's experience, there are usually at least a couple years of resource sufficiency in the early years, sometimes four to five years, and can be up to twenty years.

John Lowe's testimony on page 12 & 13, lines 277-304, was intended to express that short contract terms of seven years will result in qualifying facilities never or almost never being paid for capacity, because there is typically some period of resource sufficiency at the beginning of the term. The shorter the total contract length, the shorter the term over which capacity will be paid.

Respondent: John Lowe

Witness: John Lowe

RMP Data Request 1.5

Referring to page 15 lines 327-331, and page 20 lines 447-452 of John Lowes' direct testimony in this matter, is Mr. Lowe aware of the following Wyoming Public Service Commission ("Commission") case, Docket No. 20000-388-EA-11 (Record No. 12750)?

- a. Please identify the portion of the Company's application or direct testimony in this matter where the Company requests or discusses a change to the over eight year- old determination by the Commission that renewable energy certificates produced by QFs be retained by the Company to be used for the benefit of its customers.
- b. Does REC believe that Wyoming customers should be required to pay something extra for those customers' right to truthfully claim that the energy purchased from a particular QF is "renewable energy," given that PURPA generally requires that small power production facility QFs be renewable generation?
- c. Assuming the Company's Wyoming customers are currently receiving value from the renewable energy certificates produced by Wyoming QFs, economically speaking, will those customers be better off if the Commission reverses its longstanding determination that renewable energy certificates should remain bundled with the energy sold by QFs, or would those customers be worse off?
- d. Is it possible to purchase renewable energy certificates that are bundled with energy through market purchases?
 - i. Do any states require that renewable energy certificates be bundled with energy in-order to meet that state's renewable portfolio standards, or similar renewable energy content requirements?
 - ii. Assuming the answer to 1.3.d.i is "yes," do utility or non-utility electricity suppliers ever make market purchases to meet some of those bundled energy and renewable energy certificate requirements?

Response to RMP Data Request 1.5

- a. It is REC's understanding that no portion of RMP's application requests or discusses the ownership of renewable energy credits. RMP's application proposes to fundamentally change the manner in which avoided cost prices are set for both Schedule 37 and 38, and RMP's methodological changes cannot be reviewed in isolation to how they impact other aspects of avoided cost prices. The ownership and value of renewable energy credits also impact renewable resource acquisition along with other issues discussed such as the prices paid for energy and capacity. Renewable energy credits are one part of the overall picture.
- b. REC's position is that if a QF is able to help RMP defer resources it would otherwise need to acquire to meet a renewable portfolio standard (RPS) that applies to RMP in any state, then it is reasonable to pay the QF based on the costs of those renewable resource acquisitions. Not every QF will always qualify as a resource eligible to be used to meet a state RPS. For example, cogeneration resources typically do not qualify as renewable, and, depending on the state, only certain waste-to-energy, biomass and hydroelectric QFs qualify under RPSs. See, e.g.

[\(https://www.statesmanjournal.com/story/tech/science/environment/2019/03/09/covanta-garbage-burner-oregon-renewable-energy-designation/3093032002/\)](https://www.statesmanjournal.com/story/tech/science/environment/2019/03/09/covanta-garbage-burner-oregon-renewable-energy-designation/3093032002/). For the resources that can defer RPS acquisitions, REC believes it is reasonable to pay QF's for the added value of the renewable energy certificates.

- c. REC objects to the request in subpart (c) on the grounds that it is unclear and ambiguous regarding the meaning of "better off" or "worse off" and calls for speculation regarding the potential impact of a hypothetical change in law at some unknown future date. There are a number of factors that play into the complex calculations that would determine whether RMP's customers are, economically speaking, "better off" or "worse off" by any particular change in law. Without waiving these objections REC responds as follows: Generally speaking, REC believes that RMPs customers will be better off if their power is generated by renewable non-utility owned resources.
- d. Yes. As REC understands it, renewable energy certificates may be sold as bundled or unbundled. Bundled renewable energy certificates are sold "bundled" with the underlying energy, and unbundled certificates are sold separately.
 - i. Yes. Some states have requirements that a certain amount of the renewable energy certificates purchased pursuant to the RPS be bundled, or, rather, have limitations on the number of unbundled certificates that can be used. See for example, Oregon Revised Statutes 469A.145 "Limitations on use of unbundled certificates to meet renewable portfolio standard."
 - ii. Yes.

Respondent: Irion Sanger, John Lowe

Witness: John Lowe

RMP Data Request 1.6

Referring to page 17, lines 368-387 of John Lowe's direct testimony in this matter, are Oregon and Wyoming similarly situated with respect to their economic and regulatory circumstances?

- a. At page 15 lines 327-331 of his testimony Mr. Lowe contends that the value of renewable energy certificates should be retained by QFs until they displace renewable capacity, correct?
 - i. Mr. Lowe also states that retaining renewable energy certificates may help QFs obtain financing, is this because renewable energy certificates represent additional value beyond just the energy produced or capacity supplied by a QF?
- b. In general terms, if given the option would a reasonable consumer elect to pay more for a product that provides them less in terms of value?
- c. Is the Company's renewable avoided cost pricing as determined under Oregon's Schedule 37 higher or lower than the non-renewable avoided cost pricing? Please answer with respect to the pricing for each type of resource in those Oregon Schedule 37 prices.

Response to RMP Data Request 1.6

REC objects to this request on the grounds that it is unclear and ambiguous as to the meaning of the term "similarly situated" with respect to their economic and regulatory circumstances.

Without waiving the above objection, REC responds as follows:

REC believes that Wyoming and Oregon are similarly situated with respect to their economic and regulatory circumstances in that each is required to implement PURPA according to the directives in that federal law and the regulations promulgated by the Federal Energy Regulatory Commission thereunder. Each jurisdiction is empowered to be an economic regulator of PacifiCorp and each jurisdiction is also empowered to make certain policy decisions regarding the implementation of PURPA.

- a. Correct. QFs should keep the renewable energy certificates, unless the value of the power they are paid accounts for its renewable attributes. There are a number of factors that impact a QF's ability to obtain financing, including the price paid for energy and capacity, the contract length, and the other terms and conditions of the contract, including the value of any renewable energy certificates.
- b. REC objects to the request in subpart (b) on the grounds that it is unclear and ambiguous regarding the meaning of "value" and calls for speculation regarding a potential consumer's preferences. Without waiving these objections REC responds as follows: Generally speaking, REC believes that RMPs customers will be better off if their power is generated by renewable non-utility owned resources.

- c. REC objects to this request to the extent it requests information not within the possession, custody, or control of REC. REC further objects to the extent that the information requested is equally available to or in the possession, custody, or control of RMP. Without waiving these objections, REC responds as follows: In Oregon, there are two methodologies. The non-renewable PDDRR methodology and a renewable proxy method. REC understands that the calculations involve a number of factors, and that the price may be higher or lower depending on the resource characteristics of the individual QF. PacifiCorp would be in the best position to determine whether the process generally produces higher or lower rates.

Respondent: John Lowe

Witness: John Lowe

RMP Data Request 1.7

Referring to pages 22 & 23, lines 498-500 of John Lowe's direct testimony in this matter, when Mr. Lowe "drafted the original version of Schedule 37" what state was that tariff drafted for?

- a. When was the "original" version of Schedule 37 drafted?
- b. When was the "original" version of Schedule 37 approved by the relevant state's utility regulatory commission? Provide a citation to the order approving.

Response to RMP Data Request 1.7

REC objects to this request to the extent it requests information not within the possession, custody, or control of REC. REC and John Lowe do not have copies of the records from that Schedule or time period. REC further objects to the extent that the information requested is equally available to or in the possession, custody, or control of RMP.

Without waiving the above objections, REC responds as follows:

John Lowe responds to the best of his recollection. On page 22 & 23, lines 498-500, John Lowe is referring to the Schedule 37 that was drafted in the early 2000s for the State of Oregon. At that time, Schedule 37 did not exist in any other state. To clarify, John Lowe did not draft the entire Schedule 37 but participated in the drafting and the part he originally drafted was the section related to the power purchases. Because the document was drafted within PacifiCorp, RMP likely has possession, custody, or control of the original Schedule 37 and is in the better position to know when and in which docket it was first approved by the state regulatory commission.

Respondent: John Lowe

Witness: John Lowe

RMP Data Request 1.8

Referring to pages 4 & 5, lines 87-102 of Trent Reed's direct testimony in this matter, how often do irrigation district's revise their prices?

- a. Please list the principal reasons irrigation districts revise their prices.
- b. If an irrigation district were compelled by federal law to take all the water offered from a third party source, even if that meant deferring investments in that districts own resources in order to accommodate that third party, how would that federal mandate impact the irrigation district's customers and their pricing?
 - i. Taking that same hypothetical regarding a federal mandate, how would that irrigation district's customers and their pricing be affected if it were mandated to take the water from the third party at a fixed price over 20 years, and during those 20 years the cost to otherwise acquire water dropped substantially?
 - ii. Taking that same hypothetical regarding a federal mandate, how would the irrigation district's customers and their pricing be affected if the district were mandated to take water from the third party at a fixed price over 20 years, and during those 20 years the cost to acquire water dropped substantially, at the same time that the district's customers demand for water dropped?

Response to RMP Data Request 1.8

REC objects to this request on the grounds that it seeks information that is outside the scope of and not relevant to this proceeding. The timing and principal reasons for updating the prices irrigation districts assess on their water users is not likely to make any fact of consequence in this proceeding more or less probable. Further, the answers to the questions in subpart (b) regarding the proposed hypothetical are strictly hypothetical and would not have any tendency to make the actual, non-hypothetical facts in this case more or less probable. A hypothetical is based on facts not in existence, and therefore not relevant to the current proceeding. REC further objects on the grounds that the proposed hypothetical is unclear and ambiguous. Finally, REC objects to this request to the extent it requests information not within the possession, custody, or control of REC.

Without waiving the above objections, REC responds as follows:

This response is based on the witness's experience and may not apply to all irrigation districts. Irrigation districts may periodically revise their assessments to water users for a variety of reasons including to keep up with inflation, operating costs, and maintenance expenses. For irrigation districts with a power plant, the revenues from the power plant may be used for operations and maintenance of the power plant and for improvements to the power plant and irrigation system generally, or to reduce the amount of the assessments. An irrigation district may also maintain a reserve account to draw on for larger capital investments as needed. Under some situations, such as when a power plant

is first constructed, the irrigation district may need to increase an assessment to cover up-front construction costs.

Irrigation districts are often required to take their water from a third-party source and have no other choice from which to acquire water. For example, the Shoshone Irrigation District receives its water from the Buffalo Bill Reservoir and is contracted through the Bureau of Reclamation to deliver that water to the properties with water rights. There is no other source from which Shoshone could get its water.

Respondent: Trent Reed

Witness: Trent Reed