

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)

CROSS ANSWERING TESTIMONY OF JOHN LOWE ON BEHALF OF RENEWABLE ENERGY COALITION

Renewable Energy Coalition (“REC”) hereby submits the Prefiled Cross Answering Testimony of John Lowe in this docket.

Dated this 24th day of May, 2019.

Respectfully submitted,

<p>By:  Dale W. Cottam Bailey Stock Harmon Cottam Lopez LLP 80 E. 1st Ave. Box 850 Afton, WY 83110 (307) 459-1120 dale@performance-law.com <i>Attorneys for Renewable Energy Coalition</i></p>	<p>Irion Sanger Sanger Thompson, PC 1041 SE 58th Place Portland, OR 97215 (503) 756-7533 irion@sanger-law.com</p>
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Docket No. 20000-545-ET-18
(Record No. 15133)

AFFIDAVIT, OATH AND VERIFICATION FOR CROSS ANSWERING TESTIMONY

STATE OF OREGON)
) SS:
COUNTY OF CLATSOP)

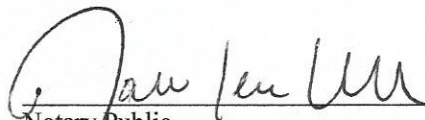
John R. Lowe, being fast duly sworn, on his oath states:

1. My name is John R. Lowe. I am the Director of the Intervenor Renewable Energy Coalition. I have been asked by the Renewable Energy Coalition to testify on its behalf.
2. Attached hereto and made a part hereof for all purposes is my Cross Answering Testimony, which has been prepared in written form for introduction into evidence in Docket No. 20000-545-EA-18.
3. I hereby swear and affirm that my answers contained in the testimony are true and correct.
4. Further Affiant sayeth not.



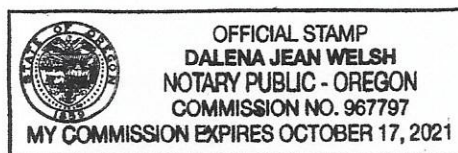
John R. Lowe
Renewable Energy Coalition
88644 Hwy. 101,
Gearhart, OR 97138

Subscribed and sworn to before me this 24th day of May, 2019.



Notary Public

My Commission Expires:



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Cross Answering Testimony of John Lowe

On Behalf of

Renewable Energy Coalition

May 24, 2019

1 **I. INTRODUCTION**

2 **Q. Are you the same John Lowe who previously submitted testimony on behalf of the**
3 **Renewable Energy Coalition (“REC”)?**

4 A. Yes.

5 **Q. What is the purpose of your Cross Answering Testimony?**

6 A. I am responding to the testimony of Dr. Belinda Kolb, filed on behalf of the Wyoming
7 Office of Consumer Advocate, the testimony of Kevin Higgins, filed on behalf of the
8 Wyoming Industrial Energy Consumers and Two Rivers Wind, LLC, and the testimony
9 of Kenneth Lay on behalf of the Northern Laramie Range Alliance (“NLRA”). I do not
10 respond to all issues in their testimony, and my silence on any particular topic should not
11 be taken as agreement with any particular aspect of their testimony.

12 **Q. Are any of REC’s other witnesses submitting testimony at this time?**

13 A. No.

14 **II. RESPONSE TO DR. KOLB**

15 **Q. Please summarize Dr. Kolb’s testimony?**

16 A. Dr. Kolb’s primary positions and recommendations are that she: 1) disagrees with Rocky
17 Mountain Power’s allegation that the qualifying facility (“QF”) queue should be a cause
18 for alarm, and observes that there have been no dramatic changes in the queue since the
19 2015 proceeding; 2) supports Rocky Mountain Power’s proposed changes to the Partial
20 Displacement Differential Revenue Requirement (“PDDRR”) methodology; 3) supports
21 Rocky Mountain Power’s proposed language changes to Schedule 37 and 38; and 4)
22 supports a fixed price contract length of 10-15 years.

23 **Q. Do you have any observations regarding Dr. Kolb's testimony?**

24 A. Yes. While I disagree with many of her final positions, I found that Dr. Kolb's testimony
25 was thoughtful and addressed many (but not all) of the important considerations that the
26 Wyoming Public Service Commission (the "Commission") should take into account
27 when deciding the issues in this proceeding.

28 **Q. Do you agree with Dr. Kolb's testimony in which she finds Rocky Mountain Power's**
29 **testimony on the QF queue unpersuasive?**

30 A. Yes. The size of the queue has not significantly changed since the 2015 case, and is not a
31 cause for alarm or a reason to make unreasonable changes. As Dr. Kolb points out, many
32 QF projects will not materialize. The fact that a QF is interested in building a project is a
33 poor indicator of whether the project will be able to enter into contract or be built.

34 **Q. Do you agree with Dr. Kolb's testimony regarding changes to the PDDRR**
35 **methodology, and the text of Schedule 37 and 38?**

36 A. No. I continue to support my earlier testimony, as well as the testimony of Drs. Hellman
37 and Kaufman on these points.

38 **Q. Do you agree with Dr. Kolb's testimony that contract terms should be lowered to**
39 **10-15 years?**

40 A. No. I continue to support my earlier testimony, as well as the testimony of Drs. Hellman
41 and Kaufman on these points. That said, I agree that there may be a range of possible
42 contract lengths which may be reasonable, and these must be considered in light of other
43 Public Utility Regulatory Policies Act ("PURPA") policies, including eligibility for

44 standard contracts, prices, interconnection, and other factors. I believe a more
45 appropriate range would be 15-25 years.

46 **Q. Why do you support 20-year contracts rather than 15-year contracts in Wyoming?**

47
48 **A.** Contract terms need to be considered in the state’s overall PURPA policies. Very long
49 30- to 50-year contracts might not be financeable if prices are too low, or if the contract
50 negotiation process is too burdensome. Other than contract length, Wyoming’s overall
51 PURPA policies are unfavorable to QFs. For example, Wyoming has a lower size
52 threshold for eligibility for published rates than other states (1 MW for most projects, 5
53 MW for hydro and 10 MW for projects with high availability), low prices, Rocky
54 Mountain Power owns the renewable energy certificates, there are no Commission-
55 approved contracts (which requires difficult negotiations), there are significant
56 interconnection hurdles, and a difficult Schedule 38 negotiation process, among other
57 things. Given this overall package of Wyoming PURPA regulations and policies, I
58 continue to support 20-year contract terms for Wyoming.

59 **III. RESPONSE TO KEVIN HIGGINS**

60 **Q. Please summarize Mr. Higgins testimony.**

61 **A.** Mr. Higgins’ primary recommendations are: 1) maintain 20-year contract terms; 2) accept
62 in part Rocky Mountain Power’s PDDRR changes, but allow the Company’s proposed
63 “like for like” convention to be waived and to permit wind and solar QFs to obtain
64 avoided cost pricing based on the next deferrable renewable resource; 3) allow
65 cogeneration QFs to defer planned geothermal resources; 4) allow Rocky Mountain
66 Power to use the PDDRR for setting Schedule 37 rates; 5) allow Rocky Mountain Power

67 to change its on-peak and off-peak pricing; and 6) reject a number of Rocky Mountain
68 Power's proposed tariff language changes.

69 **Q. Do you agree with Mr. Higgins proposals on 20-year contract terms and tariff**
70 **language?**

71 A. Yes. Mr. Higgins raises additional strong arguments to reject Rocky Mountain Power's
72 proposal to lower contract terms to seven years. My testimony identified flaws in Rocky
73 Mountain Power's proposed changes to Schedule 37 and 38's tariff language, and Mr.
74 Higgins also identifies additional problems. I largely support his recommendations, with
75 one exception below.

76 I want to note that Mr. Higgins opposes Rocky Mountain Power's proposal to
77 require Schedule 37 customers to seek Schedule 38 pricing once the 10 MW cap on
78 Schedule 37 pricing is reached. I agree that Rocky Mountain Power's proposal should be
79 rejected, and Mr. Higgins has a reasonable recommendation that the 10 MW cap should
80 simply be eliminated. Mr. Higgins explains that Rocky Mountain Power plans to reset
81 Schedule 37 rates annually, and recommends that, if the cap is reached before that occurs,
82 then Rocky Mountain Power should be free to update Schedule 37 rates at that time. I do
83 not support Mr. Higgins' proposal that Rocky Mountain Power update its Schedule 37
84 rates at any time. Price certainty and knowing when the utility is going to change its
85 prices, and, as a matter of principle, regulatory policy should not assume that the utility
86 will at any time change its prices. Instead, prices should change at specific and known
87 times.

88 Drs. Hellman and Kaufman also oppose Rocky Mountain Power's proposal, and

89 recommend that the cap be eliminated. I agree with their recommendation that, if the
90 Commission is inclined to have Schedule 37 Customers over 100 kW revert to Schedule
91 38 when a threshold of new QFs MW amount is reached, that Rocky Mountain Power's
92 recommended 10 MW threshold should be revised to 100 MW.

93 **Q. Do you agree with Mr. Higgins that the PDDRR should be used for Schedule 37 or**
94 **that Rocky Mountain Power change its on-peak and off-peak pricing?**

95 A. No. Drs. Hellman and Kaufman explain the grounds for our opposition to Rocky
96 Mountain Power's proposal, and Mr. Higgins raises no arguments that change our views.

97 **Q. Do you agree with Mr. Higgins' position on the "like for like" limitation?**

98 A. In part. Mr. Higgins explains that Rocky Mountain Power is proposing a "like for like"
99 modification to its avoided cost calculation, such that the applicable proxy resource in
100 that calculation would be the next deferrable resource of the same type as the QF in
101 Rocky Mountain Power's preferred portfolio in its IRP. Mr. Higgins has a similar
102 concern as myself and Drs. Hellman and Kaufman—that a "like for like" limitation
103 under-compensates QFs. I strongly agree with Mr. Higgins' statement that:

104 My general concern is that this limitation could prevent a renewable QF
105 from being fairly compensated for its ability to defer renewable plants that
106 the Company is planning to add, solely because the QF's resource type
107 differs from the resource type that the Company is planning to add next in
108 its IRP. Implicit in RMP's advocacy for these restrictions is the notion that
109 the Company is somehow unable to partially (or wholly) defer a wind
110 plant, say, when a solar QF timely comes on line, and vice versa. This
111 premise strikes me as highly implausible. When considering adding new
112 resources in its IRP, the Company must consider the impact of long-term
113 QF contracts on the need for Company-owned capacity after taking
114 account of the capacity characteristics of the QF resources. This
115 evaluation must be performed irrespective of QF resource type. The idea
116 that new solar QF contracts would have no influence on whether
117 Company-owned wind resources need to be added in the future seems

118 very unlikely.¹

119

120 **Q. What does Mr. Higgins recommend?**

121 A. He does not propose any changes to the “like for like” approach now, because the next
122 deferrable resources for both wind and solar is 2030, and the “like for like” would not
123 have a practical impact today on wind and solar. He recommends that if the timing for
124 the next deferrable resource diverges substantially (by more than two years) then the
125 Commission should retain the flexibility on a case-by-case basis to waive the like for like
126 requirement.

127 **Q. Do you agree with Mr. Higgins’ remedy?**

128 A. No. Mr. Higgins’ proposal is thoughtful and carefully considered based on current
129 circumstances for wind solar. However, I oppose it because: 1) it would postpone
130 eventual resolution of this issue; 2) waivers are likely to be impractical and will require
131 QFs to litigate the issue before the Commission; 3) Rocky Mountain Power’s date of
132 resource need for different resource types is constantly changing from year to year, so it
133 is very likely that in the near-term the dates for the next solar and wind resources will
134 diverge; and 4) it does not address the problem of hydro, biomass or geothermal being
135 able to defer Rocky Mountain Power’s planned solar or wind resources. The
136 Commission should modify the “like for like” approach now, as recommended in my,
137 Ted Sorenson’s and Drs. Hellman and Kaufman’s testimony. However, if the
138 Commission does not adopt the recommendations of Drs. Hellman and Kaufman, then
139 Mr. Higgins recommendation is preferable to Rocky Mountain Power’s.

¹ WIEC Exhibit 300/Two Rivers Exhibit 500 at 30-31.

140 **IV. RESPONSE TO KENNETH LAY**

141 **Q. Please summarize Mr. Lay's recommendations?**

142 A. Mr. Lay's primary recommendation is that the Commission shorten contract terms to one
143 year, or in alternative, seven years or less.

144 **Q. What is your response?**

145 A. Mr. Lay's testimony does not appear to have experience or a strong understanding of how
146 power contracting, including PURPA contracts would have to be financed, or the industry
147 standard approach to them, and I recommend that the Commission should disregard it.

148 **V. CONCLUSION**

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

150 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of May, 2019, the **CROSS ANSWERING TESTIMONY OF JOHN LOWE ON BEHALF OF RENEWABLE ENERGY COALITION** was e-filed with the Wyoming Public Service Commission and a true and correct copy was sent via electronic mail addressed to the following:

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