BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR MODIFICATION OF AVOIDED COST METHODOLOGY AND REDUCED CONTRACT TERM OF PURPA POWER PURCHASE AGREEMENTS WITH QUALIFYING FACILITIES	DOCKET NO. 20000-545-ET-18 (Record No. 15133)

WYOMING INDUSTRIAL ENERGY CONSUMERS' RESPONSES TO WYOMING COMMISSION STAFF'S FIRST SET OF INVESTIGATIVE REQUESTS

The Wyoming Industrial Energy Consumers ("WIEC") provides the attached responses to Wyoming Commission Staff's ("Staff") First Set of Investigative Requests to WIEC.

Respectfully submitted this 10th day of June 2019.

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ATTORNEYS FOR WIEC

STAFF 1.1: Please turn to Page 5, Line 4 of Kevin Higgins direct testimony. Does WIEC believe its proposed waiver overstates RMP's actual avoided cost for the sake of more aggressive QF interconnection?

RESPONSE: No. As stated in the referenced passage, if the Commission retained reasonable flexibility to allow the RMP's proposed "like for like" convention to be waived under certain circumstances, the payment to QFs would still be based on actual avoided cost. It would simply be calculated using the next deferrable renewable resource, irrespective of QF type, on a capacity-equivalent basis.

STAFF 1.1.1: What immediate monetary benefits does WIEC see as a result of its proposed waiver when the "like for like" is beyond two years?

RESPONSE: It is not clear what is meant by the term "monetary benefits" in the context of this question. In any case, as the conditions identified by Mr. Higgins that may warrant a waiver (i.e., a substantial divergence between the timing of the next deferrable wind resource and the next deferrable solar resource) do not exist at the present time, there would be no immediate financial consequence from approving a policy that allows the waivers recommended by Mr. Higgins. If, in the future, there is a substantial divergence between the timing of the next deferrable wind resource and the next deferrable solar resource, then the waiver would allow a solar resource to be paid the avoided cost associated with deferred wind, or vice versa, depending on the circumstances. This would be reflected in the levelized cost of a 20-year contract.

STAFF 1.1.2: What future monetary benefits does WIEC see as a result of its proposed waiver when the "like for like" is beyond two years?

RESPONSE: It is not clear what is meant by the term "monetary benefits" in the context of this question. Since the conditions identified by Mr. Higgins that may warrant a waiver do not exist at the present time, WIEC has not attempted to quantify the effect of allowing such waivers, since the effect would vary depending on the circumstances that exist in the future. If, in the future, there is a substantial divergence between the timing of the next deferrable wind resource and the next deferrable solar resource, then the waiver would allow a solar resource to be paid the avoided cost associated with deferred wind, or vice versa, depending on the circumstances. This would be reflected in the levelized cost of a 20-year contract.

STAFF 1.1.3: What non-monetary benefits does WIEC see as a result of its proposed waiver when the "like for like" is beyond two years?

RESPONSE: If the timing of the next deferrable wind and solar resources substantially diverge, WIEC is concerned that RMP's proposal would potentially result in arbitrary disadvantages being conveyed to QFs whose resources are deferrable in the IRP at the later date. For example, if the IRP shows the next deferrable wind resource is in 2030, but the next deferrable solar resource is not until 2034, then under RMP's "like for like" proposal, a solar QF would not be given credit for a capacity deferral until 2034, even though the IRP shows that there is deferrable wind four years sooner, in 2030. Even though the solar QF and the deferrable wind proxy have different output shapes, the solar output would still be able to displace some portion of the planned wind energy and wind capacity on a capacity-equivalent basis. One of the non-monetary benefits from the proposed waiver is to ensure that the potential arbitrary disadvantages that may arise from RMP's "like for like" proposal are not imposed on QFs and that cost-effective resource development is not unduly discouraged.

STAFF 1.2: In WIEC's experience, what is the typical rate of return for QFs that are paid at the avoided cost rate? Please provide supporting data for this response.

RESPONSE: WIEC does not have specialized knowledge concerning the typical rates of return earned by QFs. A QF's rate of return is not an input or determinant of avoided cost.

STAFF 1.3: Please turn to Page 23, Line 14 of Kevin Higgins direct testimony. Does WIEC believe that the Company's fixed cost recovery protections are a sunk cost to ratepayers?

RESPONSE: No. A sunk cost is a cost that has already been incurred and cannot be recovered. Mr. Higgins is not discussing sunk costs in this passage. Mr. Higgins' reference to RMP's "fixed cost recovery protections" calls attention to the fact that Company-owned wind projects are assured of cost recovery through base rates irrespective of wind project output levels in a given hour, in contrast to how QFs are compensated.

STAFF 1.4: Please provide data showing the average levelized cost of wind, solar, and other forms of QF energy by year over the last twenty years. Please provide the same information as a forecast over the next ten years.

RESPONSE: Please see Attachment Staff 1.4, which contains pertinent information prepared by the National Renewable Energy Laboratory ("NREL").

STAFF 1.5: If the initial contract term length was reduced, how would WIEC recommend using contract renewals and repricing provisions to ensure long-term cost recovery of QF projects? Please explain in detail how this could work.

RESPONSE: If the initial contract term length was reduced, there would be little assurance of long-term cost recovery of QF contracts beyond the contract term because it would be nearly impossible to predict the new avoided cost rate during a period of contract renewal, if PURPA projects would still be entitled to contract renewal in, for example, 15 years. WIEC is not recommending reliance on "contract renewals" and "repricing provisions" to replace the 20-year contract term currently approved by the Commission.

CERTIFICATE OF SERVICE

I hereby certify that, on this 10th day of June, 2019 the **WYOMING INDUSTRIAL ENERGY CONSUMERS' RESPONSES TO WYOMING COMMISSION STAFF'S FIRST SET OF INVESTIGATIVE REQUESTS** was served via electronic mail or U.S. Mail, addressed to the following:

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