

Rocky Mountain Power
Docket No. 17-035-23
Witness: Rick T. Link

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Supplemental Testimony of Rick T. Link

August 2017

1 **Q. Are you the same Rick T. Link who previously submitted direct testimony in this**
2 **proceeding on behalf of Rocky Mountain Power, a division of PacifiCorp?**

3 A. Yes.

4 **TESTIMONY PURPOSE**

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

6 A. My testimony responds to the August 22, 2017 Order and Notice of Scheduling
7 Conference (“Order”) issued by the Public Service Commission of Utah
8 (“Commission”) in which it expressed concern about an insufficient record upon
9 which to make a determination on the company’s 2017 Renewable Resources
10 Request for Proposals (“2017R RFP”). The 2017R RFP seeks up to approximately
11 1,270 MW of new wind resources capable of interconnecting to PacifiCorp’s
12 transmission system in Wyoming (“Wyoming wind”).

13 Specifically, my testimony supplements the record and demonstrates that
14 1) the 2017R RFP for Wyoming wind will produce a resource that meets the “lowest
15 reasonable cost” standard; 2) we have revised the 2017R RFP in response to input
16 from stakeholders and the independent evaluator (“IE”) to ensure robust market
17 participation; 3) approval to the 2017R RFP will not prejudice other related regulatory
18 proceedings; and 4) the Commission and stakeholders will have additional
19 opportunities to weigh in on the company’s acquisition of Wyoming wind resources.
20 I believe that the information in this testimony, along with the information that has
21 already been submitted in this docket, will allow the Commission to conclude that
22 the company’s 2017R RFP “will most likely result in the acquisition, production, and
23 delivery of electricity at the lowest reasonable cost to the retail customers of an

24 affected electrical utility located in this state,” as required by Utah Code § 54-17-
25 201(2)(c)(ii)(A).

26 **THE 2017R RFP PROCEDURAL SCHEDULE**

27 **Q. Is the company requesting a Commission decision within a certain timeframe?**

28 A. Yes. We respectfully request that the Commission issue an order at the conclusion of
29 the hearings, but no later than September 25, 2017, approving the company’s
30 solicitation process. Utah Code Ann § 54-17-201 requires that the Commission issue
31 an order within 60 days of the filing of an RFP. The original schedule established in
32 this proceeding already provided one additional week beyond the 60-day statutory
33 timeline, and the additional process arising from the Order could add another five
34 weeks to the schedule. As a result, the remaining 2017R RFP schedule must be
35 compressed by shortening the time between issuing the 2017R RFP to market and
36 establishing the final shortlist of bids by early January 2018. The timing of the
37 shortlist is critical to informing the Utah preapproval filing and the certificate of
38 public convenience and necessity approval processes in Idaho and Wyoming.

39 **Q. Have any other state commissions approved the 2017R RFP?**

40 A. Yes. At a special public meeting held August 29, 2017, the Public Utility Commission
41 of Oregon (“Oregon Commission”) conditionally approved the 2017R RFP with
42 certain modifications. While a written order has not been issued as of the filing date
43 of this testimony, the Oregon Commission held that the RFP is approved as modified,
44 but conditioned the approval order on acknowledgment of the related action items in
45 the 2017 Integrated Resource Plan (“IRP”), which will be considered by the Oregon
46 Commission in November 2017. As part of that approval, the company also agreed

47 to modify the 2017R RFP document and evaluation process in response to several
48 items proposed by the Oregon IE. Those modifications include:

49 1. Expansion of the 2017R RFP repowered project eligibility. An existing wind
50 project that currently has a power purchase agreement (“PPA”) with
51 PacifiCorp that will expire before December 31, 2020, will be eligible to bid
52 into the 2017R RFP if the project is proposed to be repowered.

53 2. Clarification of the 2017R RFP to state that benchmark bids are responsible
54 for a Success Fee if selected to the final short list. PacifiCorp will clarify in
55 its 2017R RFP that all benchmark and market bids will be responsible for all
56 appropriate bidder fees through the full RFP process including any Success
57 Fees assigned to the final short list bids in the 2017R RFP.

58 3. Modification of the 2017R RFP minimum qualification requirements
59 regarding litigation. PacifiCorp will modify item 8 under Section 6.H to be
60 consistent with what was used in the final draft of PacifiCorp’s All Source
61 RFP for a 2016 Resource issued April 4, 2012. The Oregon Commission
62 determined that there should be a materiality threshold of \$5 million and the
63 Oregon IE should use discretion in its assessment of any determination to
64 exclude a bid due to litigation. PacifiCorp expects the Oregon Commission to
65 provide guidance regarding specific litigation language in its written order.

66 **THE 2017R RFP FOR WYOMING WIND WILL PRODUCE A RESOURCE**
67 **THAT MEETS THE LOWEST REASONABLE COST STANDARD**

68 **Q. Please describe your understanding of the Commission’s concerns as described**
69 **in the Order.**

70 A. The Commission concluded that it needed additional information to determine
71 whether “the decision to limit the RFP to a wind resource so apparently satisfies the
72 ‘lowest reasonable cost’ standard that it warrants bypassing the opportunity to test
73 that decision in the open market against other bidders who might choose to bid
74 different resource types.”¹

¹ Order at 2-3.

75 **Q. Has the company analyzed whether the Wyoming wind projects identified in the**
76 **2017R RFP will meet the “lowest reasonable cost” standard?**

77 A. Yes. The August 2, 2017 informational update filed in the company’s 2017 IRP
78 proceeding in Docket No. 17-035-16 (“Energy Vision 2020 Update”), attached to this
79 testimony as Exhibit RMP __ (RTL-S1), provides the most current economic analysis
80 and related discussion regarding the benefits that will be provided by the Wyoming
81 wind resources identified in the 2017R RFP, as I discuss in more detail below. The
82 economic analysis summarized in the Energy Vision 2020 Update is identical to the
83 economic analyses in the company’s filings in Dockets No. 17-035-39 and No.
84 17-035-40.

85 This analysis, which uses proxy cost and performance assumptions for
86 benchmark resources, demonstrates that customers are expected to realize significant
87 net benefits from the proposed new wind and transmission projects. The 2017R RFP
88 will solicit PPA and build-transfer agreement (“BTA”) bids from market participants
89 that will compete with benchmark bids. Upon receipt of bids, PacifiCorp will initiate
90 a robust bid evaluation process, with oversight provided by the Utah and Oregon IEs,
91 to identify the combination of market and benchmark bids that will maximize
92 customer benefits. PacifiCorp will only execute agreements with bids selected to the
93 final shortlist if those short-listed projects will deliver economic benefits for
94 customers. Considering that benchmark bids will compete with PPA and BTA bids
95 from other market participants and selection of these bids will be based on the
96 combination of proposals that maximize customer benefits, the 2017R RFP is

97 explicitly designed to deliver resources that meet the “lowest reasonable cost”
98 standard.

99 **Q. Does the economic analysis presented in PacifiCorp’s Energy Vision 2020**
100 **Update consider a range of outcomes based on varying input assumptions?**

101 A. Yes. The economic analysis supporting the new wind and transmission projects that
102 is included in the Energy Vision 2020 Update considered nine scenarios with varying
103 natural gas price and carbon dioxide (“CO₂”) policy assumptions (price-policy
104 scenarios). These two variables influence system variable costs, and so it is important
105 to understand how these assumptions affect net power cost (“NPC”) benefits
106 expected from the new wind and transmission projects. The price-policy scenarios
107 consider a range of natural gas price assumptions (low, medium, and high) and a
108 range of CO₂ policy assumptions² implemented through an assumed CO₂ price
109 forecast (zero, medium, and high).³ Table 1 summarizes the nine price-policy
110 scenarios used in the company’s Energy Vision 2020 Update.

Table 1. Price-Policy Scenarios

Price-Policy Scenario	Natural Gas Prices (Levelized \$/MMBtu)*	CO₂ Price Description
Low Gas, Zero CO ₂	\$3.19	\$0/ton
Low Gas, Medium CO ₂	\$3.19	\$3.41/ton in 2025 growing to \$14.40/ton in 2036
Low Gas, High CO ₂	\$3.19	\$4.73/ton in 2025 growing to \$38.42/ton in 2036
Medium Gas, Zero CO ₂	\$4.07	\$0/ton
Medium Gas, Medium CO ₂	\$4.13	\$3.41/ton in 2025 growing to \$14.40/ton in 2036

² Each natural gas price scenario is accompanied by a unique and consistent forecast of wholesale power prices.

³ Since PacifiCorp filed the 2017 IRP, it has become increasingly unlikely that the Clean Power Plan will be implemented in its current form. However, it is still possible that future CO₂ policies targeting electric sector emissions could be adopted and impose incremental costs to drive emission reductions.

Medium Gas, High CO ₂	\$4.13	\$4.73/ton in 2025 growing to \$38.42/ton in 2036
High Gas, Zero CO ₂	\$5.83	\$0/ton
High Gas, Medium CO ₂	\$5.83	\$3.41/ton in 2025 growing to \$14.40/ton in 2036
High Gas, High CO ₂	\$5.83	\$4.73/ton in 2025 growing to \$38.42/ton in 2036

111 **Q. What are the results from the economic analysis summarized in the Energy**
112 **Vision 2020 Update?**

113 A. Table 2 summarizes the present-value revenue-requirement differential (“PVRR(d)”)
114 results for each price-policy scenario. The PVRR(d) between cases with and without
115 the new wind and transmission projects are shown from the System Optimizer (“SO”)
116 model and from the Planning and Risk model (“PaR”), which was used to calculate
117 both the stochastic-mean PVRR(d) and the risk-adjusted PVRR(d). These are the
118 same models used by PacifiCorp to evaluate resource portfolios over a 20-year
119 forecast period (2017-2036) in the IRP. Over a 20-year period, the new wind and
120 transmission projects reduce customer costs in seven out of nine price-policy
121 scenarios.

Table 2. (Benefit)/Cost of New Wind and Transmission (2017-2036, \$ million)

Price-Policy Scenario	SO Model PVRR(d)	PaR Stochastic-Mean PVRR(d)	PaR Risk-Adjusted PVRR(d)
Low Gas, Zero CO ₂	\$121	\$77	\$74
Low Gas, Medium CO ₂	\$73	\$32	\$26
Low Gas, High CO ₂	(\$84)	(\$133)	(\$147)
Medium Gas, Zero CO ₂	(\$19)	(\$57)	(\$66)
Medium Gas, Medium CO ₂	(\$85)	(\$111)	(\$124)
Medium Gas, High CO ₂	(\$156)	(\$224)	(\$242)
High Gas, Zero CO ₂	(\$304)	(\$260)	(\$280)
High Gas, Medium CO ₂	(\$318)	(\$272)	(\$293)
High Gas, High CO ₂	(\$396)	(\$409)	(\$437)

122 The only price-policy scenarios without net customer benefits are those
123 assuming the lowest natural-gas prices when paired with either medium or zero CO₂
124 price assumptions. Under the central price-policy scenario, assuming medium

125 natural-gas prices and medium CO₂ prices, the PVRR(d) benefits range between
 126 \$85 million, when based upon SO model results, and \$124 million, when based upon
 127 PaR risk-adjusted results. The PVRR(d) results show that the benefits increase with
 128 natural gas prices and CO₂ prices, where the new wind and transmission projects help
 129 offset higher NPC and system emission costs.

130 Table 3 shows PVRR(d) results when the analysis is expanded through 2050,
 131 which covers the 30-year life of the new wind resources. As is the case with results
 132 based on forecasted system costs through 2036, when the analysis is extended over a
 133 longer time frame, the new wind and transmission reduce customer costs in seven out
 134 of nine price-policy scenarios. The only price-policy scenarios without net customer
 135 benefits are those assuming the lowest natural-gas prices when paired with either
 136 medium or zero CO₂ price assumptions. Under the central price-policy scenario,
 137 assuming medium natural-gas prices and medium CO₂ prices, the PVRR(d) benefit
 138 is \$137 million.

Table 3. (Benefit)/Cost of New Wind and Transmission (2017-2050, \$ million)

Price-Policy Scenario	Extended PaR Stochastic-Mean PVRR(d)
Low Gas, Zero CO ₂	\$174
Low Gas, Medium CO ₂	\$93
Low Gas, High CO ₂	(\$194)
Medium Gas, Zero CO ₂	(\$53)
Medium Gas, Medium CO ₂	(\$137)
Medium Gas, High CO ₂	(\$317)
High Gas, Zero CO ₂	(\$341)
High Gas, Medium CO ₂	(\$351)
High Gas, High CO ₂	(\$595)

139 **Q. What types of benefits will the new wind and transmission projects deliver?**

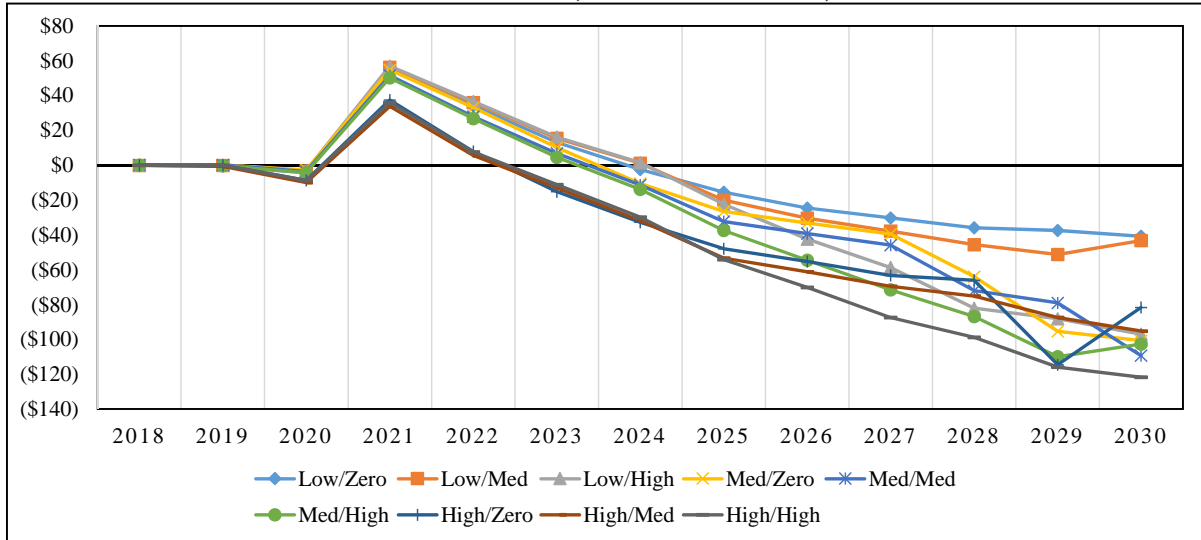
140 A. PacifiCorp’s transmission system in eastern Wyoming is so constrained that no
 141 additional generation can be interconnected. Consequently, the new transmission
 142 enables interconnection of the new wind resources. The new transmission will relieve

143 congestion, provide voltage support and improve reliability, enhance PacifiCorp's
144 ability to comply with mandated reliability and performance standards, reduce line
145 losses, and create potential for further increases to the transfer capability out of
146 eastern Wyoming with construction of additional segments of the Energy Gateway
147 transmission project. The economic benefits associated with the new wind, which
148 includes reduced NPC and federal production tax credits ("PTCs"), offset the cost of
149 the new transmission. Together, both projects can be completed with all-in economic
150 savings for customers.

151 **Q. Has PacifiCorp analyzed how the new wind and transmission projects are likely**
152 **to affect revenue requirement over the near term?**

153 A. Yes. As is the case with any investment having a relatively long life, there is more
154 certainty in the projected benefits over the near term. In the case of the new wind
155 resources, PTC benefits, which are not based on speculation, will provide significant
156 customer benefits over the first 10 years of operation. Figure 1 shows that over the
157 first 10 years, when PTC benefits will flow through to customers and as the assets
158 begin to depreciate, the new wind and transmission projects provide annual revenue
159 requirement benefits within three to four years of being placed in service across all
160 nine price-policy scenarios presented in the Energy Vision 2020 Update.

Figure 1. (Reduction)/Increase in Annual Revenue Requirement with New Wind and Transmission (Nominal \$ million)



161 **Q. Will the presence or absence of these benefits impact the company’s selection in**
 162 **the 2017R RFP, and ultimately impact the company’s resource acquisition?**

163 A. Yes. The IE will review and evaluate the resource(s) selected in the initial shortlist
 164 through the 2017R RFP. The IE will provide monthly status reports to the
 165 Commission, DPU and the company. The final shortlist will contain bids that the
 166 company, the IE, and the Commission will fully review to ensure that the projects
 167 will deliver least-cost, least-risk electricity to customers. As noted earlier, the
 168 company will only proceed with resource acquisitions if the benefits anticipated in
 169 the Energy Vision 2020 Update persist or improve through the 2017R RFP process.

170 **Q. Please explain why the proposed RFP has been limited to Wyoming wind.**

171 A. PacifiCorp uses the SO and PaR models to establish the least-cost, least-risk portfolio.
 172 The SO model is used to develop resource portfolios that meet planning-reserve
 173 margin targets and PaR is used to refine portfolio costs and assess portfolios risk. The
 174 SO model selects a portfolio of resources from a broad range of resource alternatives
 175 by minimizing the system present value revenue requirement (“PVRR”). The system

176 PVRR from the SO model reflects the cost of existing contracts, wholesale-market
177 purchases and sales, the cost of new and existing generating resources (fuel, fixed
178 and variable operations and maintenance, and emissions, as applicable), the cost of
179 new demand-side management resources, and levelized revenue requirement of
180 capital additions for existing resources and potential new generating resources. In
181 developing the least-cost, least-risk portfolio of resources, the SO model optimizes
182 the quantity, the type, and location of new resources over a 20-year time frame. In
183 establishing a portfolio, the SO model has considered all available resource options,
184 such as solar in Utah or wind in Oregon, and assessed their relative benefits (*i.e.*,
185 capacity contribution and NPC value) against the resource costs (*i.e.*, capital costs,
186 operations and maintenance costs, fuel costs, etc.).

187 All of the resource portfolios produced during the initial stages of the portfolio
188 development phase of the 2017 IRP contained new Wyoming wind resources in 2021
189 and very few portfolios included wind resources outside of Wyoming in 2021.⁴ None
190 of the resource portfolios included other renewable resource technologies or other
191 thermal generating resources in the 2017-2021 timeframe. Table 4 summarizes new
192 generating resource selections in resource portfolios presented in the 2017 IRP that
193 were not developed by forcing certain types of technologies or forcing near-term
194 renewable resource acquisitions to specifically meet renewable portfolio standards in
195 Oregon and Washington.⁵ These findings clearly indicate that near-term procurement

⁴ For modeling purposes, new wind resources in 2021 were used as a proxy on-line date for PTC-eligible wind achieving commercial operation by the end of 2020.

⁵ The cases and data summarized Table 4 are based upon the case summaries and resource portfolios presented in Volume II, Appendix K of the 2017 IRP.

196 of Wyoming wind is most likely to deliver least-cost, least-risk electricity to Utah
 197 customers.

Table 4. Generating Resource Selections Before 2022 Included in 2017 IRP Resource Portfolios

Case	Wyoming Wind (MW)	Idaho Wind (MW)	Other Renewable (MW)	Thermal (MW)
REF	299	0	0	0
RH-1	300	0	0	0
RH-2	300	0	0	0
RH-3	235	0	0	0
RH-4	288	0	0	0
RH-5	229	0	0	0
RH-6	179	0	0	0
OP-1	229	0	0	0
OP-NT3	300	150	0	0
OP-REP	300	128	0	0
OP-GW4	1,200	0	0	0
RH2a	300	0	0	0
LD-1	300	0	0	0
LD-2	0	0	0	0
LD-3	300	0	0	0
PG-1	211	0	0	0
PG-2	300	0	0	0
CPP-C	300	0	0	0
CPP-D	9	0	0	0
FOT-1	300	0	0	0
CO ₂ -1	300	0	0	0
NO-CO ₂	300	0	0	0
BP	300	150	0	0
GW-1	300	150	0	0
GW-2	300	150	0	0
GW-3	300	0	0	0
GW-4	1,200	0	0	0
Battery	1,100	0	0	0
CAES	1,100	0	0	0
FS-REP	300	103	0	0
FS-GW4 (Preferred Portfolio)	1,100	0	0	0
Total	12,479	831	0	0

198 In reviewing the new resources included in portfolios from the portfolio
 199 development phase of the 2017 IRP, it became clear that the amount of Wyoming wind
 200 included was limited by transmission constraints. The presence of the Wyoming wind
 201 resources across portfolios led the company to assess whether additional wind
 202 resources enabled by sub-segments of Energy Gateway West would further lower

203 system costs. The company incorporated the Aeolus-to-Bridger/Anticline line as a
204 specific sensitivity case in its broader Energy Gateway sensitivity analysis. The
205 company's modeling of four Energy Gateway transmission sensitivities indicated there
206 were potential benefits to including the Aeolus-to-Bridger/Anticline line in the
207 portfolio.

208 While PacifiCorp analyzed a number of alternative resource portfolios in the
209 2017 IRP portfolio-development process, no other resource portfolio indicated that
210 renewable resources delivered into other parts of the company's transmission system
211 would provide economic benefits comparable to the benefits expected with the new
212 wind and transmission projects included in the preferred portfolio. Capacity expansion
213 modeling across the nine price-policy scenarios consistently selected Wyoming wind
214 as a significant component of the optimal least-cost, least-risk portfolio.

215 **Q. Did the company discuss including the Wyoming wind in the IRP pre-filing**
216 **stakeholder process?**

217 A. Yes. At the March 2017 public input meeting, the company presented this analysis and
218 next steps to stakeholders, communicating the company's intention to further refine
219 key assumptions for this sensitivity case. While the pre-filing stakeholder review
220 process for the new wind and transmission projects was necessarily limited by the
221 timing of the company's analysis, it was in customers' interest to consider these
222 resources and ultimately include them in the 2017 IRP. The company explicitly chose
223 to share the results of its analysis with stakeholders as they were being produced. Given
224 the time-sensitivity of these resource opportunities, delaying the IRP to allow

225 additional pre-filing review was not a viable option. Instead, the company expeditiously
226 completed the necessary analysis and shared it with IRP stakeholders.

227 **Q. Please explain why the company is not proposing an all-source RFP.**

228 A. The company did not propose an all-source RFP for the following reasons:

229 (1) The 2017 IRP identified Wyoming wind as a time-limited opportunity for
230 least-cost, least-risk resource(s);

231 (2) Results from the 2016R RFP—which produced competitive bids for over
232 6,000 MW of wind, solar, and geothermal projects under a range of
233 commercial structures—confirmed that none of those proposals would deliver
234 all-in economic benefits for customers; and,

235 (3) Broadening the scope of the 2017R RFP would create an untenable delay that
236 would jeopardize the ability to capture the full value of PTCs to provide
237 benefits to customers, and potentially undermine the viability of the 2017R
238 RFP.

239 **Q. Please describe how the 2017R RFP is fair and transparent and will facilitate**
240 **robust market participation.**

241 A. The company has tried to make the 2017R RFP as fair and transparent as possible.
242 The IE and stakeholders had multiple opportunities, both in person and in writing, to
243 provide feedback and recommendations on the 2017R RFP. The IE provided a
244 thorough and comprehensive analysis of the filed 2017R RFP in its August 11, 2017
245 report, and parties provided detailed written comments on August 7, 2017, and again
246 on August 18, 2017. This review and analysis, and the separate review and comments
247 by the Oregon IE and stakeholders, led the company to make numerous changes to

248 the 2017R RFP. The 2017R RFP, as revised, will encourage and produce substantial
249 market response.

250 Specifically, the Company made the following changes that will enhance and
251 encourage market participation:

- 252 • Revised the system impact study (“SIS”) requirement to require the bidder to
253 demonstrate that it has initiated the study phase of the interconnection process
254 (*i.e.*, signed agreement and paid deposit to begin feasibility study), and added
255 a condition requiring a SIS by the initial shortlist to confirm costs and
256 interconnection consistent with the December 31, 2020 commercial operation
257 date (“COD”). This change will allow bidders more time to comply with the
258 requirement, while still providing the information required to fairly evaluate
259 bids.
- 260 • Modified the PTC requirement to allow bidders to deliver projects that qualify
261 for less than 100 percent of the federal PTCs, while maintaining the
262 December 31, 2020 COD deadline. This change expands the range of projects
263 that can compete in the 2017R RFP.
- 264 • Added clarifying language to the 2017R RFP in Section 4.B and 4.C to
265 emphasize that PPAs and BTAs are negotiated agreements meant to address
266 risk on both sides of the transaction with the ability to redline and modify the
267 terms and conditions in the pro forma documents. This change will allow
268 bidders to negotiate PPA or BTA terms that they may otherwise consider to
269 be deal-breakers, which will encourage broader participation in the 2017R
270 RFP.
- 271 • Expanded the 2017R RFP resource-type eligibility to include both new and
272 repowered existing wind resources because both are considered eligible for
273 PTC benefits under IRS guidelines. But bids submitted with repowered wind
274 resources will not be allowed if the existing wind resource currently has a
275 PPA with the company for the offtake of the energy. This change will promote
276 diversity in the Wyoming wind projects that may compete in the 2017R RFP.
- 277 • Changed the 2017R RFP provision in Section 3.G that a base bid and one
278 alternative can be submitted for the \$10,000 bid fee to instead allow for the
279 base bid and two alternatives without additional fees. This change will allow
280 enhanced participation by allowing bidders more opportunities to bid for the
281 same base bid fee.
- 282 • Added credit requirements to the RFP to allow bidders to reflect the credit
283 requirements in their bids and evaluate how requirements may affect their
284 decision to compete. The company also expanded the use of contract terms
285 and milestones to manage down the security for early achievement of the

286 commercial operation date. This change will allow bidders to make a more
287 informed decision whether to compete.

288 • Expanded contract terms for PPA bidders to provide an equivalent evaluation
289 life between a PPA and BTA, allowing PPA bidders to offer a 20-year
290 contract with up to a 10-year extension at a firm price that can be exercised
291 at the company at the end of the 20-year term. This change puts the PPA bid
292 term on equal footing with the BTA asset life and will promote participation
293 by PPA bidders.

294 **Q. What level of market participation does the company anticipate for the 2017R**
295 **RFP?**

296 A. Thousands of megawatts of Wyoming wind resource capacity are currently seeking
297 interconnection service from PacifiCorp's transmission function, suggesting
298 adequate and increasing wind development activity in Wyoming to support a robust
299 response to the 2017R RFP. To date, many different project developers have
300 participated in the 2017R RFP bidder workshops and several of these developers have
301 communicated an intent to participate in the 2017R RFP. In addition, at the
302 August 29, 2017 special public meeting where the Oregon Commission conditionally
303 approved the 2017R RFP, the Northwest and Intermountain Power Producers
304 Coalition and Renewable Northwest (organizations whose membership include
305 developers) both stated that their members have indicated a strong desire to
306 participate in the 2017R RFP. The company expects that the revisions to the 2017R
307 RFP, described above, may further enhance participation.

308 **Q. Aside from the reasons you've stated above, why does the company believe that**
309 **an expansion of the 2017R RFP to an all-source RFP is not necessary or in**
310 **customers' best interests?**

311 A. The company recently tested the market in 2016 when it issued the 2016R RFP for
312 renewable resources, which did not result in any resource acquisition. The results

313 from the 2016R RFP, which resulted in over 6,000 MW in bids, confirmed that none
314 of the proposals offered would provide all-in economic benefits to customers, and the
315 company ultimately closed the 2016R RFP without executing any agreements to
316 procure new resources. In addition, both renewable and non-renewable resource costs
317 and benefits have been fully vetted in the 2017 IRP modeling, which demonstrates
318 that a broadened geographic scope or technology scope would not be reasonably
319 expected to deliver least-cost, least-risk electricity to Utah customers.

320 **Q. Is the company considering initiating other RFPs in the near future to test the**
321 **market?**

322 A. Not at this time. As discussed above, the company's 2017R RFP is limited to the
323 Wyoming wind resources that were identified in the preferred portfolio in the 2017
324 IRP. Given the IRP results, as well as the outcome of the 2016R RFP, the company
325 is not planning to initiate a broader renewable resource RFP. But if the Commission
326 and stakeholders prefer to test the market and assess a broader scope for potential
327 renewable resource procurement opportunities, a separate RFP process that casts a
328 wider net for resources across the company's system to seek other opportunities that
329 provide an all-in economic benefit to customers can be initiated. This solicitation
330 process could be initiated in early 2018, and the appropriateness of a second, broader
331 RFP could be vetted through the on-going review of the 2017 IRP. If additional
332 renewable resources identified through a second solicitation process provide all-in
333 economic benefits for customers, those opportunities can be pursued in addition to,
334 not instead of, the wind resource procurement proposed in the 2017R RFP, and the

335 approach of initiating a second RFP would not jeopardize acquisition of least-cost,
336 least-risk resources through the 2017R RFP.

337 **Q. Does approval of the 2017R RFP prejudice the outcome of the 2017 IRP or**
338 **prudence of the resource acquisition?**

339 A. No. While the Commission expressed concern that the resource selection had not yet
340 been thoroughly reviewed in the 2017 IRP proceeding in Docket No. 17-035-16,⁶ that
341 proceeding is on-going and the Commission's decision regarding the 2017R RFP will
342 not prejudice the outcome. In addition, the significant energy resource decision
343 proceeding is on-going in Docket No. 17-035-40. These two proceedings, though
344 filed concurrently with the 2017R RFP proceeding, are progressing on their own
345 independent schedules. Approval of the 2017R RFP is just one step in the regulatory
346 review process, and will not be the Commission's final opportunity to weigh in on
347 the acquisition of Wyoming wind resources. My understanding is that the
348 Commission has recognized that the resource solicitation and acquisition decision
349 approval processes are separate from the IRP acknowledgment process.⁷

350 **Q. What is the significance of the Commission's approval of the 2017R RFP?**

351 A. The Commission's approval will allow the company to issue the 2017R RFP with
352 oversight from an IE that has been approved by the Commission. If the Commission
353 approves the 2017R RFP, several additional steps are needed before any resource
354 acquisition is made, and the timing of a decision to acquire resources will occur after
355 the Commission has the opportunity to conclude its consideration of the 2017 IRP.

⁶ Order at 2.

⁷ See, e.g. *In the Matter of PacifiCorp's 2006 Integrated Resource Plan*, Docket No. 07-2035-01, Report and Order at 5-6 (Feb. 6, 2008).

356 Still more steps must occur before the company can seek a prudence determination
357 and recovery of the costs of the resources in rates. For all of these additional steps,
358 there will be ample opportunity for stakeholders and the Commission to thoroughly
359 review and analyze the company's investment decisions.

360 **Q. Does this conclude your supplemental testimony?**

361 A. Yes.