

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1845**

In the Matter of	)	
	)	
PACIFICORP, dba PACIFIC POWER,	)	NORTHWEST AND
	)	INTERMOUNTAIN POWER
PacifiCorp's Application for Approval of	)	PRODUCERS COALITION'S
2017R Request for Proposals.	)	RESPONSE
_____	)	

**I. INTRODUCTION**

The Northwest and Intermountain Power Producers Coalition (“NIPPC”) submits this response to the Request to Modify Conditions (“Request”) of Caithness Beaver Creek I, LLC and Beaver Creek IV, LLC (“Beaver Creek”). In principle, NIPPC supports Beaver Creek’s Request, and urges the Oregon Public Utility Commission (the “Oregon Commission” or “OPUC”) to clarify that PacifiCorp’s 2017 renewable request for proposal (“2017 RFP”) should be open to dispatchable wind (which is wind generation plus storage) options and any wind generation resource that can obtain transmission services to a delivery point on PacifiCorp’s system. NIPPC also emphasizes that it has only reviewed Beaver Creek’s publicly filed pleading and is not familiar with the facts at issue. Thus, NIPPC is only taking the position that in principle dispatchable as well as normal wind bids should be allowed into the 2017 RFP, and takes no position regarding whether any specific project should be included or how wind plus storage should be evaluated.

Any review of Beaver Creek’s Request should happen as expeditiously as possible. NIPPC is concerned that any clarification should not delay PacifiCorp’s

evaluation of the bids submitted, nor unfairly prejudice bidders that have not submitted wind plus storage options. While Congress recently did not repeal the Production Tax Credits (“PTCs”), the credit is still a time limited opportunity. As NIPPC has observed, any delay would increase the risk of losing the PTCs, which could significantly harm customers by depriving them of a potentially least cost and least risk resource. If faced with the choice between unreasonably delaying the RFP in a way that could risk losing the PTC and ensuring that dispatchable wind is included, the Commission should err on the side of allowing the 2017 RFP to proceed.

## **II. BACKGROUND**

PacifiCorp filed its Wyoming wind only RFP on August 4, 2017. NIPPC strongly supported PacifiCorp issuing the 2017R RFP, but also recommended that the competitive solicitation be opened to all renewable resources anywhere on its system. PacifiCorp claimed that opening up the 2017R RFP could not be done, and the Oregon Commission then declined to open up the RFP to all cost effective renewable resources on the Company’s system. The Utah Public Service Commission (“Utah Commission”), however, required PacifiCorp to open its 2017R RFP to wind generation anywhere on the Company’s system, and strongly encouraged, but did not require, PacifiCorp to issue a solar RFP.<sup>1</sup> Despite its earlier claims that it was not possible, PacifiCorp then revised its 2017R RFP to include non-Wyoming wind generation. PacifiCorp has also issued a new solar RFP.<sup>2</sup> Thus, despite convincing the Oregon Commission that it could not do what

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<sup>1</sup> Re PacifiCorp dba Pacific Power Request for Proposals of an Independent Evaluator to Oversee the Request for Proposal Process, Docket No. UM 1845, PacifiCorp’s Status Update at 1-2 (Sept. 25, 2017).

<sup>2</sup> NIPPC is concerned about whether PacifiCorp’s solar RFP is a legitimate solicitation for solar power purchase agreements, or is simply a token offer to

NIPPC recommended, PacifiCorp ultimately agreed to make NIPPC's revisions when pressured to do so by the Utah Commission.

On December 15, 2017, Beaver Creek filed its Request specifically alleging that PacifiCorp has disqualified its Montana wind plus storage bids because of: 1) technology risk; and 2) inadequate evidence of third-party transmission service to PacifiCorp's system. On December 19, 2017, given the time sensitive nature of PacifiCorp's 2017R RFP, the Administrative Law Judge set an expedited date for submitting comments for December 22, 2017.

### **III. RESPONSE**

NIPPC recommends that the OPUC grant Beaver Creek's Request and conclude that: 1) wind proposals that incorporate a storage component are not a "technology risk"; and 2) a third party's binding commitment to provide transmission services on a third party's transmission system from Montana to a delivery point preferred by PacifiCorp is sufficient evidence of adequate transmission service. NIPPC emphasizes that it has no information to confirm or deny Beaver Creek's allegations, but, if the allegations are true, then the circumstances are very concerning and call into question the fairness of PacifiCorp's 2017R RFP. There is insufficient time to issue a ruling regarding whether PacifiCorp is acting appropriately, but the OPUC can issue a ruling that ensures that wind plus storage and generation located outside of Wyoming are fairly evaluated in the RFP.

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appease the Utah Commission. PacifiCorp has not sought Commission approval (which is appropriate because utility ownership options are not included) and has included some onerous provisions. Despite NIPPC's concerns regarding the solar RFP, NIPPC is generally supportive of PacifiCorp issuing the RFP and hopes that PacifiCorp is actually seeking new solar contracts.

In principle, wind (or solar) plus storage is not an unacceptable technology risk and should be allowed to bid into the 2017R RFP. If PacifiCorp believes that there are significant risks associated with storage technology, then those risks should be addressed through industry standard power purchase agreement terms and conditions, which will protect ratepayers. PacifiCorp has a need for new generation, which has been created based on PacifiCorp replacing short-term power purchase agreements with long-term owned wind generation and/or power purchase agreements. NIPPC strongly believes that this resource need is real, and switching from short-term to long-term contracts with ratepayer protections may be the best way to address both storage technology risk as well as other known risks associated with non-dispatchable wind.

This issue was raised and resolved in favor of allowing storage as an acceptable technology over five years ago in Portland General Electric Company's ("PGE") now infamous capacity and energy RFP where its Carty Generating Plant and its Port Westward II plant emerged "victorious." In PGE's RFP, independent power producers attempted to submit battery-supported resources to bid head-to-head against the utility's more traditional proposals for rate base, and PGE argued it would not allow battery storage to be eligible to support bids, raising concerns with technology risk.<sup>3</sup> NIPPC objected and cited examples of battery storage resources in service across the country.<sup>4</sup>

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<sup>3</sup> See Portland General Electric Company Request for Proposals for Capacity and Baseload Energy Resources, Docket No. UM 1535, PGE's Reply Comments at 2 (July 8, 2011) (refusing to consider batteries, stating batteries "are not utility scale or have not been commercially deployed").

<sup>4</sup> See Portland General Electric Company Request for Proposals for Capacity and Baseload Energy Resources, Docket No. UM 1535 NIPPC Comments at 20-21 (Feb. 22, 2012).

Unable to rebut this evidence, PGE reluctantly allowed the battery bids to be considered as a competitor to its utility-ownership bids.<sup>5</sup>

After PGE attempted to refuse to even allow the bid to be considered, the independent evaluator's final report concluded that a battery bid "was economically highly competitive."<sup>6</sup> Other scoring criteria kept the highly competitive battery bid from outcompeting PGE's rate-base option for dynamic capacity,<sup>7</sup> and since PGE never asked to have the shortlist acknowledged, we will never know if those criteria were actually fair. The upshot here, however, is that over five years ago, Oregon's largest electric utility was forced to agree that a battery bid was not an unacceptable technology risk and could meet the dynamic capacity needs in its RFP.

While NIPPC has not yet seen PacifiCorp's response to Beaver Creek's concerns, in principle, there is no basis for a different conclusion in this RFP. If storage can support a pure capacity bid in an Oregon RFP over five years ago, it should also be able to supplement a renewable energy product in this RFP. Marrying wind or solar generation with storage essentially turns these intermittent resources into dispatchable generation. The ability to store intermittent wind and solar generation could bring significant benefits to ratepayers, and it could be a grave mistake for PacifiCorp to acquire around 1,000 megawatts of new wind generation without considering storage when paired with wind (or solar) would reduce its intermittency. The time for variable generation and storage to be a cost-effective technology may be upon us today. In fact,

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<sup>5</sup> See Portland General Electric Company Request for Proposals for Capacity and Baseload Energy Resources, Docket No. UM 1535, Independent Evaluator Report for PGE 2012 Capacity Power Supply Resources RFP at 14 (Jan. 31, 2013).

<sup>6</sup> Id. at 35.

<sup>7</sup> See id.

as the OPUC is aware, Oregon utilities have themselves recently proposed many millions of dollars of battery applications be placed in rate base as part of the recent battery pilot legislation.<sup>8</sup>

It should not be surprising that independent power producers are once again on the leading edge of this technological innovation. The competitive power industry wishes to compete head-to-head with more traditional generation technology in an RFP, instead implementing batteries only through a cost-plus pilot program that impose higher costs and risks upon ratepayers. The utilities missed the rapid decline in solar generation costs, and are once again catching up to the market. The Oregon Commission should not let utilities like PacifiCorp use their market power to avoid purchasing from potentially less costly and risky power suppliers.

Again in principle, PacifiCorp should not be allowed to reject bids on the basis that they will not use the Company's new transmission project that the Company has been prepping for rate base. If a Montana wind generation can demonstrate that it has sufficient transmission rights on third party transmission providers like Bonneville Power Administration or North Western Energy, then the bid should be acceptable. NIPPC is generally supportive of the investment in additional regional transmission, including the Aeolis to Bridger transmission line. However, it is possible that Montana and other non-Wyoming wind bids may be even lower cost, especially if they can result in PacifiCorp not needing or deferring the construction of the new transmission. Thus, the Commission should ensure that non-Wyoming wind generation resources are fairly treated.

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<sup>8</sup> See Docket No. UM 1856.

#### IV. CONCLUSION

NIPPC respectfully requests that the OPUC not address any of the specific factual allegations by Beaver Creek, but clarify that the 2017R RFP should not exclude wind plus storage options as being too technologically risk or Montana wind generation that can obtain access to third party transmission to PacifiCorp's system. The Oregon Commission may also wish to request that the independent evaluator include in its report a description of how storage bids and third-party transmission rights were treated, consistent with the directives in the OPUC's order on this matter. NIPPC emphasizes that it has not reviewed, cannot evaluate the reasonableness of, and does not take a position regarding Beaver Creek's factual allegations; however, if the allegations are true, they are concerning and the Oregon Commission should take prompt action to ensure that the least cost and risk and most beneficial projects are provided a fair opportunity to bid in the 2017R RFP.

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Dated this 22nd day of December 2017.

Respectfully submitted,



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Irion Sanger  
Sanger Law, PC  
1117 SE 53rd Avenue  
Portland, OR 97215  
Telephone: (503) 756-7533  
Fax: (503) 334-2235  
[irion@sanger-law.com](mailto:irion@sanger-law.com)



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Gregory M. Adams  
Richardson Adams, PLLC  
515 N. 27th Street  
Boise, Idaho 83702  
Telephone: (208) 938-2236  
Fax: (208) 938-7904  
[greg@richardsonadams.com](mailto:greg@richardsonadams.com)

Of Attorneys for Northwest and Intermountain  
Power Producers Coalition