

CAITHNESS BEAVER CREEK, LLC

c/o Caithness Services LLC
565 Fifth Avenue, 29th floor
New York, New York 10017
Phone: (212) 921-9099
Fax: (212) 921-9239

Via Electronic Submission to:
PUC.FilingCenter@state.or.us

December 15, 2017

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem OR 97301

Re: Request to Modify Conditions in Order 17-345 Re. Conditional Approval of
PacifiCorp's 2017R Request for Proposals (UM 1845)

Dear Commissioners:

I write on behalf of Beaver Creek I, LLC and Beaver Creek IV, LLC (“Bidders”) to urge the Commission to modify the conditions it attached to the approval of the PacifiCorp 2017R RFP. Bidders make this request because of new evidence that the RFP bid selection is proceeding under eligibility requirements inconsistent with those disclosed to, and conditionally approved by, the Commission. In addition to being inconsistent with the Commission’s Competitive Bidding Guidelines, the RFP in its present form risks failing to protect PacifiCorp’s ratepayers.

Bidders recognize their right to challenge the RFP process at a later date, but they seek the Commission’s engagement at this stage, before the RFP process is allowed to conclude under conditions potentially detrimental to ratepayers. PacifiCorp has repeatedly emphasized to this Commission – and Bidders acknowledge – the need for an expedited process for this RFP. For that reason, it is all the more important that the Commission address in a timely manner this new information of significance to the RFP.

Background

Bidders are each developing wind projects in Montana. In response to PacifiCorp’s 2017R RFP, Bidders submitted various project proposals incorporating wind generation with proven on-site battery storage options that mitigated the intermittent nature of the wind resource. Such proposals were consistent with PacifiCorp’s stated “interest in creative proposal options that add value to customers.” 2017R RFP. Bidders provided evidence of a binding contractual

arrangement for the transmission of the projects' output to one of PacifiCorp's preferred points of delivery.

On November 17, 2017, PacifiCorp notified Bidders that their bids had been deemed "nonconforming under the eligibility requirements in the RFP." Two minimum eligibility requirements were cited: (1) RFP H.13 – "technology risk," and (2) RFP H 11 – "evidence of third party transmission service to PacifiCorp's system." Bidders responded on November 18, 2017, requesting additional clarification and explanation. PacifiCorp responded on November 27, 2017 and a call to discuss the proposals was held on December 5, 2017. On the conference call, PacifiCorp told Bidders that there was no need to address the transmission issue, because the offered product failed the technology risk test and was therefore rejected.

On December 11, 2017, Bidders received an email from PacifiCorp asking Bidders to confirm the total bid fee submitted by each Bidder so that PacifiCorp could prepare to return the funds.

Bidders' goal is not to receive a refund of their bid fees. Their goal is to have their bids examined impartially under clear standards, in a manner consistent with the RFP and this Commission's Competitive Bidding Guidelines in Order 14-149. Bidders do not believe that has happened here.

PacifiCorp's 2017R RFP is proceeding under eligibility requirements inconsistent with those addressed by the Commission.

Bidders raise these issues now because the rationale used by PacifiCorp to disqualify Bidders has significance far beyond Bidders themselves, and suggests a fundamental problem with the manner in which the RFP is being conducted.

1. A wind proposal that incorporates a storage component is not a "technology risk."

Specifically, PacifiCorp informed Bidders that RFP H.13 – technology risk, disqualified projects that were based on a combination of wind and battery storage. During the December 5th call, PacifiCorp amended what it had stated in its notice of rejection to Bidders. The rejection letter cited technology risk as a reason for rejection. On the call, PacifiCorp stated that wind with storage did not present a technology risk, but the procurement was for wind only, meaning all proposals containing wind with storage were rejected as non-conforming. That condition was not included in the RFP – likely because if it had been, it would have been met with significant objection. A countless number of renewable projects nationwide are now being developed with a storage component to mitigate against output intermittency. Bidders are confident that their proposals included reliance on proven technologies that did not present any more of a "technology risk" overall than that of other resources.

In the bid specifications, PacifiCorp stated it is seeking wind energy interconnecting with or delivering to PacifiCorp's Wyoming system and any additional wind energy located outside of Wyoming that will reduce system costs and provide net benefits for customers. The Bidder's proposals complied with this statement, submitting offers to sell the output of their wind facilities to PacifiCorp. The storage component would be used to firm the wind product.

But more important than the technical specifics of the Bidders' proposals is the general position taken by PacifiCorp, which appears to be that wind generation combined with on-site battery storage presents a "risk," and one that it should not take. Such a position on storage resources is inconsistent with PacifiCorp's acknowledgment in its 2017 Integrated Resource Plan that the "intermittency of renewable generation also increases the need for fast-responding energy storage, which is essential for grid stability and resiliency." Docket No. LC 67, 2017 Integrated Resource Plan at 27 (April 4, 2017) ("IRP"). It is also inconsistent with PacifiCorp's procuring of a "combined energy storage plus solar project . . . in Utah with a targeted in-service date mid-2018." IRP at 256.

Regardless, the fact that PacifiCorp would exclude a wind project proposal from this RFP because it included a complementary storage component as a means to firm up the resource was not disclosed in the RFP process. If it had been, Bidders and other stakeholders would have had the opportunity to address this issue at that time, and provide the Commission with a demonstration of the benefits of including such proposals. Instead, by omitting reference to this criterion in its RFP, and later unilaterally relying upon it as a means to disqualify other proposals, PacifiCorp has skewed the process in favor of its own benchmark resources. That decision not only is unfair to the other bidders, but is unfair to the ratepayers as well.

2. A third party's binding commitment to provide transmission services to a delivery point preferred by PacifiCorp is "evidence of third party transmission service."

Bidders further question PacifiCorp's interpretation and implementation of RFP H11, evidence of third party transmission service. Bidders provided PacifiCorp, as part of their bids and through follow up questions and answers, with a demonstration of Bidders' transmission delivery arrangements with a third party having firm transmission rights on the BPA and NWE systems. PacifiCorp did not fully respond to requests for clarification as to how these arrangements failed to meet the RFP standard. PacifiCorp's responses indicated that it had not analyzed the transmission aspect of the Bidders' proposals. When pressed, PacifiCorp stated that they did not analyze the transmission because: (i) the analysis of a wind with storage project was too complex; and (ii) the proposals were already rejected due to "technology risk." This suggests again, that PacifiCorp's use of this rationale could have been the result of an unwillingness of PacifiCorp to evaluate transmission delivery options other than that preferred for its benchmark

resources. If PacifiCorp had made such a position clear during the RFP process, Bidders and other stakeholders would have had the opportunity to address it at that time.

Request to the Commission.

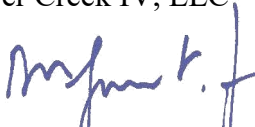
Bidders request that Commission modify its conditional approval in Order 17-345 of the 2017R RFP to include as conditions that:

(1) the inclusion of a storage component within a wind project proposal does not, on its own, disqualify the project from consideration under the RFP, and

(2) a bidder's transmission delivery arrangement, through a third party with firm transmission rights for delivery to PacifiCorp's system, is sufficient to satisfy the RFP's Minimum Eligibility Requirement H.13.

Respectfully submitted,

CAITHNESS BEAVER CREEK, LLC
as service provider to
Beaver Creek I, LLC and
Beaver Creek IV, LLC

By: 
Derrel A. Grant, Jr.
Vice President