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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Petition of Greycliff Wind Prime, LLC To Set Terms and Conditions for Qualifying Small Power Production Facility Pursuant to M.C.A. § 69-3-603	Cause No. D2015.8.64 GREYCLIFF WIND PRIME, LLC'S RESPONSE TO DATA REQUESTS FROM NORTHWESTERN ENERGY
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NWE-001

Regarding: Calculation of Rate

Witness: Walker

- a. Please provide a detailed breakdown of how Greycliff calculated the proposed avoided cost rate of \$53.85 per megawatt-hour discussed in the testimony of Mr. Stanton Walker.

RESPONSE:

As Mr. Robert Stanton Walker's prefiled direct testimony in this docket makes clear, he has not performed a detailed breakdown of the \$53.85/MWH avoided cost proposal made by Greycliff to NWE. Mr. Walker based the \$53.85/MWH generally on Mr. LaFave's testimony in the Greycliff CREP Docket, D2015.2.18 and both on the Montana Public Service Commission's ("Commission") decision in Greenfield, D2014.4.43, including the

Commission's determination and comparison of that stipulated avoided cost rate in relation to other avoided cost benchmarks. Finally, Greycliff does not have the data to calculate NWE's avoided costs, and would have no way to do so until filing this petition and potentially seeking discovery on NWE's avoided costs. If NWE has concerns about Greycliff's avoided costs, it is free to ask more questions and produce its own analysis. Greycliff will review that analysis for accuracy, completeness, reasonableness of its assumptions, and the methodology employed. But Greycliff does not have the ability to perform those calculations itself at present until NWE shares that data.

- b. Please produce any spreadsheets, work papers, other analyses or documentation that discusses or details the calculation of the proposed avoided cost rate.

RESPONSE:

All the spreadsheets, work papers or other analysis available to Greycliff come from NWE in Dockets D2015.2.18 and D2014.4.43.

NWE-002

Regarding Communication re: avoided cost rate

Witness: Walker

Please produce all correspondence, whether internal or external including but not limited to email communication, concerning the proposed avoided cost rate proposed by Greycliff in its petition.

RESPONSE:

Greycliff objects to this question to the extent it seeks privileged attorney work product and attorney-client privileged communications. Notwithstanding this objection, Greycliff has no such documents.

NWE-003

Regarding: Negotiations with North Western

Witness: Walker

- a. Besides the letters attached as Exhibits 1 and 2 to the Greycliff petition, did Greycliff have any other conversations with North Western regarding the possibility of signing a QF contract?

RESPONSE:

Please *see* Greycliff's response to data request PSC-010.

- b. If yes, please identify who at North Western, Greycliff spoke with concerning a QF contract.

RESPONSE:

Please *see* Greycliff's response to data request PSC-010.

- c. Please produce all correspondence, whether internal or external including but not limited to email communication, concerning Greycliff's negotiations with North Western concerning a contract for the sale of power to North Western as a qualifying facility.

RESPONSE:

Greycliff objects to this question to the extent it seeks privileged attorney work product and attorney-client privileged communications. Notwithstanding this objection, Greycliff has no such documents.

NWE-004

Regarding: Experience

Witness: Walker

- a. Do you have any experience in developing and/or modeling avoided cost rates?

RESPONSE:

Mr. Walker does not have any experience in developing and/or modeling avoided cost rates. He is generally familiar with the process. He is, however, familiar with the similar way in which wind projects are evaluated on a cost of service and return on investment basis.

- b. If so, please provide details concerning those experiences, including but not limiting to your role in the modeling, the type of project, and modeling software, if any used.

RESPONSE:

N/A.

NWE-005

Regarding: Request for avoided cost rate

Witness: Walker

Did Greycliff ever request from North Western what North Western's current avoided costs were?

RESPONSE:

After reviewing NWE's testimony in the Greycliff CREP proceeding, D2015.2.18, the Commission's decision in D2014.4.3, and the sources of avoided cost benchmarks the Commission considered, Greycliff did not think it necessary to ask. Instead, Greycliff attempted to offer a proposal that appeared to be in the reasonable range of expected outcomes of a potential avoided cost calculation. The QF-1 rate was another benchmark, although it is by its terms limited to projects with an installed capacity of 3 megawatts or less.

NWE-006

Regarding: Nameplate capacity

Witness: Walker

What is the nameplate capacity of the Greycliff project?

RESPONSE:

Because of the use of 2 megawatt turbines, Greycliff will have a name plate capacity of 26 megawatts. However, that will be regulated by Greycliff to ensure no more than 25 MWs of deliverable capacity at any time.

NWE-007

Regarding: Size and number of each proposed turbine

Witness: Walker

How many and what size turbines does Greycliff plan to use for this project?

RESPONSE:

Please see response to NWW-006

NWE-008

Regarding: Wind Integration

Witness: Walker

Please provide all documents that show North Western agreed to provide and pay for wind integration for the Greycliff project when it was attempting to be certified as a Community Renewable Energy Project.

RESPONSE:

At the outset, Greycliff would like to say it never assumed at any point, and with verifiable objective reasons for this assumption, that Greycliff would be paying for the cost of wind integration as a CREP project. In addition, Greycliff never meant to state or imply that NWE as opposed to the NWE ratepayers would absorb the integration costs of integrating the Greycliff project. The basis for Greycliff's belief flows from a number of sources. For example, in final Commission Order 7359d in Docket D2015.2.18, the Commission stated:

The estimated total cost for electricity and RECs from the Greycliff PPA, including wind integration costs, was \$53.40 and \$56.95 per MWh, with Dave Gates Generating Station (DGGS) and third-party-provided wind integration service, respectively. Ex. NWE-2 Corrected Exhibit_ (BJL-2).

p. 3, ¶ 14, p. 3.

If Greycliff were to have been required to pay for its own integration costs, the cost of wind integration to the customer would have been the CREP price of the proposed PPA minus integration to produce a rate below Greycliff's CREP bid for electricity and RECs. Consequently, Greycliff believes it was on firm ground in concluding that it was not

paying the costs of integration. If Greycliff had to pay that cost, its CREP price would have been adjusted to reflect that cost. As noted in the Commission's order, Mr. LaFave himself testified to these figures in Exhibit BJJ-2.

NWE-009

Regarding: Wind Integration Rate

Witness: Walker

- a. Please explain how the \$3.50 per megawatt rate described on page 4 of your testimony was calculated.
- b. Please produce all supporting work papers showing the calculation of this rate.

RESPONSE:

Greycliff's proposed integration rate was based on the Greenfield integration rate proposed by NWE in Docket D2014.4.43. Greycliff also believed its proposed integration rate was consistent with the range estimated for integration costs by Mr. LaFave in Docket D2015.2.18 on page of \$3.61 to \$6.53 per megawatt hour. See BJJ-14, lines 8-9. It is Greycliff's understanding that exhibit BJJ-02 indicates the lower end of the regulation range was reflective of integration provided by Dave Gates Generating Station, and the higher end for third party regulation services if those needed to be acquired by NWE. Mr. Casey Johnston of NWE testified during D2015.2.18, that Dave Gates Generating Station had sufficient existing capacity to integrate the Greycliff project, so it was considered by Greycliff as a reasonable estimate of Greycliff's integration costs. See CEJ-5, lines 8-12.

NWE-010

Regarding: Electricity Market Price Forecast

Witness: Walker

- a. Please admit that a market forecast from 2013 would reflect higher market prices on an annualized basis than a market forecast from 2014.

RESPONSE:

Greycliff is not certain what this question is asking. Although Greycliff presumes the question is asking whether electricity market prices would be higher in 2013 than in 2014, Greycliff is not sure to what markets, in what region, with what assumptions NWE is referring. Even assuming that NWE is referring to electricity markets and their relative prices in 2013 versus 2014, NWE would need to clarify what markets it was referring to for Greycliff to fairly meet the import of the question.

- b. Please admit that a market forecast from 2014 would reflect higher market prices on an annualized basis than a market forecast from 2015.

RESPONSE:

Please see answer to NWE-10 (a), above.

NWE-011

Regarding: Greenfield price forecast

Witness: Walker

Please admit that the price forecast used in the Greenfield docket is from the spring of 2014.

RESPONSE:

Greycliff believes this to be true, although this answer may undergo further revision as discovery proceeds.

NWE-012

Regarding: Proposed Contract

Witness: Walker

- a. Who drafted the proposed contract submitted to North Western in July 2015 and attached to the Greycliff petition as Exhibit 3?

RESPONSE:

The bulk of the proposed PPA submitted as Exhibit 3 in July 2015 to Greycliff's petition was drafted by NWE. It was modified by Greycliff's counsel, Michael Uda, in an effort to reflect changes necessary to account for the change in status of the project from a

CREP project to a QF project. The intent of the proposed PPA was to keep it as close to the original CREP PPA drafted by NWE as possible so as to reduce potential issues over contract terms.

- b. If not drafted by Greycliff or someone working for Greycliff, please indicate where Greycliff obtained a copy of the proposed contract and who, if anyone, modified the proposed contract before it was submitted to North Western.

RESPONSE:

Please *see* answer to NWE-012(a).

- c. If the contract was modified by Greycliff, please provide a list of each and every term modified by Greycliff.

RESPONSE:

There may be other minor changes, but this is a complete list of all major changes of terms modified by Greycliff in its draft July 2015 contract:

- Page 1, changed recitals to reflect PURPA;
- Page 2, eliminated CREP definition;
- Page 6, amended definition of notice to proceed;
- Page 7, added definition of PURPA;
- Page 7, added definition of qualifying facility;
- Page 9, added definition of wind integration;
- P. 10, eliminated section 3.2 of CREP status;
- P. 11, amended section 4.1 on in service conditions precedent;
- P. 11, eliminated section 4.1.4 on Commission approval of CREP designation;
- P. 12, eliminated section 4.1.8 on Commission approval of CREP;
- P. 13, amended Article 5 to reflect later scheduled dates;
- P. 15, added section 5.3 regarding wind integration and contingency reserves;
- P. 15, amended section 5.5 regarding contract price;
- P. 16, eliminated section 5.9 on sales for resale as unnecessary;
- P. 18, amended section 6.7 to reflect PURPA limits on curtailment;

- P.20, amended section 7.1 on damages security;
 - P. 21, amended section 7.5, eliminated CREP damages;
 - P. 22, amended section 8.1 regarding default to make it consistent with Section 7.1;
 - P. 22, amended section 8.1.2 to reflect QF rather than CREP status;
 - P. 24, added section 8.5 regarding PURPA to reflect change in status;
 - P. 30, amended section 13. 1 assignment language regarding seller's consent and eliminated CREP language;
 - PP. 30-31, eliminated section 13.6 right of first refusal language; and
 - P. 35, amended section 16.8 to reflect NWE's obligation to provide power to Greycliff consistent with PURPA.
- d. Prior to sending the July 2, 2015 letter from Greycliff's counsel, attached as Exhibit 1 to the petition, did Greycliff ever discuss these modification with North Western to determine if acceptable?

RESPONSE:

No. Greycliff presumed that if NWE wished to negotiate instead of relying upon A.R.M. § 38.5.1902(5) (which NWE claims requires Greycliff to win a competitive solicitation and is the only apparent basis for NWE's refusal to negotiate) NWE would make those wishes known. Greycliff, then as now, stands ready to negotiate an agreement that works for both parties, including PPA terms.

- c. If North Western had agreed to sign the contract that accompanied the July 2, 2015 letter, would Greycliff have been in compliance with all the terms and conditions of that contract?

RESPONSE:

Greycliff believes that it would be in compliance subject to the timing of posting securities and letters of credit, which would in any event follow the execution of the agreement. Greycliff believes it would otherwise have been in compliance.

NWE-013

Regarding: Production Estimates

Witness: Walker

Please provide hourly production estimates for a minimum of one calendar year for the Greycliff project.

RESPONSE:

This information is being prepared and is in the hands of a third party provider. Greycliff believes the data is privileged and is the subject matter of a motion for protective order which will be submitted as soon as possible. Upon Commission action on the protective order, the information will be provided.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on this 16th day of October, 2015 upon the following by first class mail postage pre-paid:

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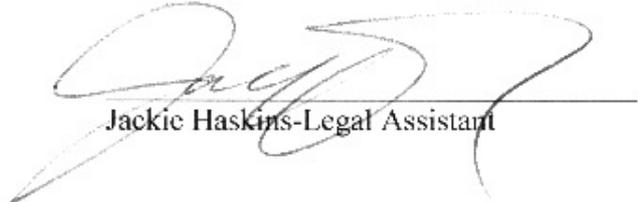
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I hereby certify an original was e-filed, and six copies of the foregoing were hand-delivered to the following:

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Jackie Haskins-Legal Assistant