

PUBLIC SERVICE COMMISSION
STATE OF MONTANA

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December 2, 2015

Mr. Joe Schwartzberger
Regulatory Affairs Department
NorthWestern Energy
40 East Broadway
Butte, MT 59701

RE: Data requests in Docket No. D2015.8.64

Dear Mr. Schwartzberger,

Enclosed please find data requests of the Montana Public Service Commission to NorthWestern Energy numbered PSC-034 through PSC-046 in the referenced Docket. Please begin the response to each new numbered data request on a new page. Please provide responses by December 9, 2015. If you have any questions, please contact me at (406) 444-6191.

Sincerely,

A handwritten signature in black ink, appearing to read "Neil Templeton", written over a horizontal line.

Neil Templeton
Regulatory Division
Montana Public Service Commission

Service Date: December 2, 2015

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

IN THE MATTER OF the Petition of) REGULATORY DIVISION
Greycliff Wind Prime, LLC To Set Terms)
and Conditions for Qualifying Small Power) DOCKET NO. D2015.8.64
Production Facility Pursuant to M.C.A.)
§ 69-3-603)

DATA REQUESTS PSC-034 THROUGH PSC-046 OF THE
MONTANA PUBLIC SERVICE COMMISSION
TO
NORTHWESTERN ENERGY

PSC-034

Regarding: Curtailment Rights and Provisions
Witness: LaFave

At 3:19-23 you note Greycliff's proposed exception to the general curtailment right that references federal law [18 C.F.R. § 292.304(f)] for support.

- a. Please describe your understanding of this exception and how it would affect NorthWestern's operations.
- b. Please provide background and relevant authority (including references to FERC decisions) on curtailment provisions, and explain why it "is always a point of contention in these contracts." BLJ-4:1-2
- c. Please describe the parameters of utility discretion in drafting QF curtailment provisions.
- d. Please explain why NorthWestern's QF curtailment provisions differ from contract to contract, and why these provisions might differ from contract to contract.
- e. Please provide at least several complete, verbatim examples of curtailment provisions from QF PPAs signed by NorthWestern.

PSC-035

Regarding: Creditable Hours
Witness: LaFave

At 4:4-6 you testify that “Creditable Hours” was a negotiated term in the 2015 CREP PPA, and that this provision should not be included in QF contracts.

- a. Please explain how “Creditable Hours” provides benefit to one or both parties.
- b. Please explain why this provision should not be included in QF contracts.

PSC-036

Regarding: Updates to Standard QF PPA
Witness: LaFave

At 4:19-21 you state that NorthWestern periodically incorporates updates to its standard QF PPA forms, and that Greycliff’s proposed PPA does not include these updates.

- a. How often does NorthWestern incorporate updates to its standard QF PPA forms (e.g., annually, quarterly)? How many times has NorthWestern updated these forms over the past three years?
- b. Please describe the processes and procedures used by NorthWestern to update these standard QF PPA forms.
- c. Please identify and provide the “updated provisions” that are not included in Greycliff’s proposed PPA.

PSC-037

Regarding: Limitations of Liability, Remedies, and Damages
Witness: LaFave

At 4:9-10 you testify that NorthWestern will not accept Greycliff’s proposed revisions of Section 9.5.2.

- a. Please provide references in which NorthWestern’s proposed Section 9.5.2 has been used previously in QF PPAs with NorthWestern.
- b. Please provide references in which NorthWestern’s proposed Section 9.5.2 has been used previously in QF PPAs with other utilities.
- c. Please describe the industry standard for the provisions in Section 9.5.2.

- d. Please explain why NorthWestern will not accept Greycliff's proposed revisions of Section 9.5.2, including how the revisions could harm NorthWestern or its customers.

PSC-038

Regarding: Obligation to Provide Electrical Service

Witness: LaFave

At 4:12-15 you testify that NorthWestern will not accept a provision in Greycliff's proposed PPA (Section 16.8) that requires NorthWestern to provide house power to the facility. Section 16.8 of your proposal states that NorthWestern will not be obliged to provide electricity to Greycliff. In both proposals, any electrical service would be delivered in accordance with the applicable tariffs filed with the Commission.

- a. Please describe the expected consequence of an obligation to provide electrical service to Greycliff, and explain why NorthWestern finds it to be unacceptable.
- b. Please describe how NorthWestern's proposal complies with ARM 38.5.1903(3).
- c. Please describe how electrical service to a QF is typically contracted and tariffed.
- d. Please confirm that, other than NorthWestern's obligation (or lack thereof) to provide electricity service to Greycliff, the proposed Sections 16.8 are essentially identical.

PSC-039

Regarding: Energy Definition

Witness: LaFave

Greycliff's proposed PPA defines "Energy" as electrical energy and associated capacity. NorthWestern's definition of Energy does not include associated capacity. Is the exclusion of associated capacity in NorthWestern's definition a substantial change from the Greycliff definition? Please explain.

PSC-040

Regarding: Uncompensated Curtailment

Witness: LaFave

Please describe all substantial differences between the definitions of "Uncompensated Curtailment" in the proposed Greycliff and NorthWestern PPAs, and explain for all of these differences why NorthWestern chose to revise the Greycliff PPA.

PSC-041

Regarding: Firm Network Integration Transmission Service Approval
Witness: LaFave

Section 4.1.8 (ii) lists “no transmission system upgrade costs assigned to the Facility” as a condition for firm network integration transmission service approval, but 10:18-20 of your prefiled response testimony states: “If a PPA is executed, it should reflect that any transmission upgrade costs associated with the Greycliff project will be paid by Greycliff.” Please clarify.

PSC-042

Regarding: Annual Net Energy Amount
Witness: LaFave

Section 5.3.1 states that seller intends to produce and deliver a minimum of 78,783 MWh of energy in each contract year. Section 5.3.1 in Greycliff’s proposed PPA states a minimum of 91,323 MWh of energy. Please explain this difference.

PSC-043

Regarding: Integration/Regulation Services
Witness: LaFave

Section 5.5.3 lists integration/regulation services, at a levelized rate of \$16,110 per month, as feature of the contract price.

- a. At 6:8 you testify that the cost is \$16,110 per kilowatt-month. Please clarify.
- b. Section 5.5 in Greycliff’s proposed PPA does not list integration/regulation services as a feature of contract price. Please explain this difference.
- c. Please compare your proposed 25-year levelized wind integration rate of \$2.00/MWh to the rate of \$4.14/MWh that NorthWestern proposed in Docket D2014.4.43. *LaFave Rebuttal Testimony, 16:5-7*. Please explain the difference, including why the cost of wind integration has decreased since then.

PSC-044

Regarding: Delay Damages
Witness: LaFave

Section 7.4 requires that the parties acknowledge that delay damages are impossible to calculate with reasonable certainty and that the liquidated damages provided in Section 7.4.1 are a reasonable approximation of delay damages.

- a. Please describe all damages other than replacement power damages that NorthWestern is likely to incur if Greycliff fails to achieve the Guaranteed Commercial Operation Date.
- b. Please describe how NorthWestern would likely obtain power to replace the power that Greycliff would have provided in the event that Greycliff fails to achieve the Guaranteed Commercial Operation Date.
- c. Are replacement power damages impossible to calculate with reasonable certainty? Please explain.
- d. Section 7.4.1 specifies liquidated damages “in an amount equal to \$20 per MWh times the amount of Energy expected to have been produced from and including the Guaranteed Commercial Operation Date to the Commercial Operation Date.” Please explain how NorthWestern would determine “the amount of Energy expected to have been produced.”
- e. Please explain the calculations or logic NorthWestern used to derive \$20 per MWh as a reasonable and appropriate approximation of delay damages.

PSC-045

Regarding: Delay Damage Provisions

Witness: LaFave

- a. In its acquisitions of Dave Gates and Spion Kop, was NorthWestern encumbered with delay damage provisions consistent with provisions in Section 7.4? Please explain.
- b. Are third party providers of electricity to NorthWestern generally encumbered with delay damage provisions consistent with provisions in Section 7.4? Please explain.

PSC-046

Regarding: Right of First Offer Provision

Witness: LaFave

Section 12.6 contains a right of first offer (ROFO) provision and its limitations.

- a. Please describe any benefit or detriment to either party accruing from this provision.
- b. Is this provision consistent with any provisions in Greycliff’s proposed PPA? Please explain.
- c. Is this provision consistent with previous PPAs between NorthWestern, or other utilities, and QFs? Please explain.

- d. Is this provision consistent with PURPA, or with any FERC or Commission findings?
Please explain.