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**BEFORE THE PUBLIC SERVICES COMMISSION  
OF MONTANA**

IN THE MATTER OF NorthWestern Energy’s  
Application for Interim and Final Approval of  
Revised Tariff No. QF-1, Qualifying Facility  
Power Purchase

**Regulatory Division**

**Docket No. \_D2016.5.39**

**PACIFIC NORTHWEST SOLAR, LLC’S  
SUPPLEMENTAL COMMENTS TO THE  
COMMISSION IN RESPONSE TO  
NORTHWESTERN ENERGY’S  
EMERGENCY MOTION**

10 Pacific Northwest Solar, LLC (“PNW”) provides these supplemental comments after the  
11 hearing on June 9, 2016 in response to NorthWestern Energy’s Emergency Motion.

12 **I. NWE’S MOTION AND TESTIMONY CONTINUES TO OVERSTATE THE POTENTIAL**  
13 **UNIVERSE OF PROJECTS SUBJECT TO THE QF-1 TARIFF.**

14 PNW sensed the concern amongst some of the Commissioner regarding the potential size  
15 of solar project pool. NorthWestern Energy’s testimony and argument tallied up all potential  
16 projects, regardless of likelihood of completion or even source – this is important to highlight in as  
17 much as there is duplicative counting of projects (amongst those pursuing PPAs, SGIAs, Pre-  
18 Apps, Phone Calls, and Emails). An example is that several of PNW’s projects as calculated by  
19 NorthWestern Energy are really just a single project. The Cottonwood project was first submitted  
20 to Northwestern Energy via email/phone as a test case for determining process for PPAs, it was  
21 then submitted for a PPA, and then submitted for a pre-application (though at the time it was  
22 submitted using a different project name tied to the landowner), then submitted for the SGIA  
23 process. In reality, these are all the same project, but appear to have been counted several times  
24 by NorthWestern Energy. The same example is likely true across the board with other projects.

25 Furthermore, and as highlighted in our original comments, there is an attrition rate of  
26 projects over time. The reality is that only a fraction will ultimately be built out and come on line  
27 – even NorthWestern Energy’s own staff recognize this (as evidenced by the email  
28

1 correspondence identified in our original comments, noting staff’s belief that “90%” will just go  
2 away). Accordingly, the Commission should not put great weight to NorthWestern’s estimation of  
3 total solar projects as the true count is far fewer (indeed, just a fraction).

4 **II. THE ESTIMATES OF OVER-PAYMENT BY NORTHWESTERN ENERGY ARE OVER-**  
5 **STATED.**

6 The proposed rates by NorthWestern Energy in their avoided cost schedule are based upon  
7 historically low rates of natural gas (and utilize a very low, unrealistic, long term rate of increase).  
8 The price of natural gas, as this Commission knows, fluctuates annual by double digit figures.  
9 Moreover, it is reasonable to assume that the rate of natural gas will rise significantly in the future  
10 as a result of either increased demand (tied to the current historic low rates) or due to limitations in  
11 supply. In the view of PNW, the current QF-1 Tariff pricing is reasonable and fair and provides  
12 NorthWestern Energy rate payers with a hedge against future price shocks of oil and gas based  
13 energy (and will prove out to be a discount to avoided costs over the life of the contract).

14 Furthermore, the suggestion by NorthWestern Energy that the rates are driving  
15 development of 3 MW facilities is convenient, yet untrue. PNW is pursuing 3 MW facilities for  
16 several reasons. First, standard contracts represent a much lower cost to complete negotiations  
17 and finalization of a PPA when compared to non-standard negotiated contracts (which, in PNW’s  
18 experience takes years to complete with attendant high legal fees to shepherd the process along).  
19 A non-standard contracting process often kills projects due to the prolonged nature of the  
20 proceeding, which removes certainty from the development process. Second, PNW has pursued  
21 projects in the NorthWestern Energy service territory that complement the current grid system.  
22 PNW’s projects have been placed in distributive locations that will allow NorthWestern Energy to  
23 optimize the energy generated without the need for significantly upgrading any of the existing  
24 facilities (thus making the system more efficient and responsive).

1           **III. PNW HAS REASONABLY RELIED UPON QF-1 TO INVEST IN SOLAR FACILITIES IN**  
2           **NORTHWESTERN ENERGY’S SERVICE TERRITORY IN MONTANA.**

3           As highlighted at the Commission hearing, PNW has been pursuing its PPAs with  
4 NorthWestern Energy for some six (6) months. The PPA language and terms have been in place  
5 and agreed to for several months now, and we simply await receipt of signed copies from  
6 NorthWestern Energy. PNW agrees with NorthWestern Energy that PNW has established settled  
7 expectations to its 21 requested PPAs at the current avoided cost rates in pursuing these projects to  
8 date. These rates and long-term contracts (which NorthWestern Energy agrees is the legislative  
9 mandate) are what support the construction of projects with attendant long-term benefits to the rate  
10 payers of NorthWestern Energy through long-term stabilized pricing (indeed, if the Commission  
11 were to adopt the revised pricing, none of the projects currently under development would be  
12 viable any longer).<sup>1</sup>

13           Accordingly, PNW requests that any action taken by the Commission not upend those  
14 efforts and expectations and that those 21 PPAs be exempt from any ruling on the Motion for  
15 Emergency Relief.

17   Respectfully submitted on June 6, 2016,

18   */s/Ryan N. Meyer*

19   Ryan N. Meyer  
20 Senior Vice President/Authorized Representative  
21 Pacific Northwest Solar, LLC  
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27 <sup>1</sup> Furthermore, if any of the alternatives suggested during the hearing were adopted (reduced rates  
28 or reduced contract terms), the projects would likewise not be financeable and would result in all  
projects be scrubbed, despite the significant efforts and resources dedicated to them to date.