



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of California
Renewables Portfolio Standard Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**2016 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U933E)**

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August 8, 2016

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**2016 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U933E)**

Pursuant to the *Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans* issued on May 17, 2016 ("May 17 Ruling"), Liberty Utilities (CalPeco Electric) LLC (U933-E) ("Liberty Utilities") submits its 2016 Renewables Portfolio Standard ("RPS") Procurement Plan.¹ Liberty Utilities' RPS Procurement Plan provides information required in Sections 6.1 through 6.8, and 6.12 through 6.14 of the May 17 Ruling.

I. BACKGROUND

Liberty Utilities currently procures virtually all of its electricity,² including its RPS-eligible renewable energy, from Sierra Pacific Power Company d/b/a NV Energy ("NV Energy") through a multi-year services agreement ("2016 NV Energy Services Agreement").³ The 2016 NV Energy Services Agreement became effective on January 1, 2016 and has a term through

¹ By email ruling on June 8, 2016, Administrative Law Judge Mason extended the deadline to file proposed annual RPS Procurement Plans to August 8, 2016.

² Liberty Utilities obtains a limited amount of electricity from the 12 MW diesel-fired Kings Beach Generating Station ("Kings Beach"). Operations of Kings Beach are limited by air permit restrictions. See Decision 10-10-017, mimeo at 47, 53 (Findings of Fact No. 1).

³ See Advice Letter 51-E, Exhibit 4, Second Amended Service Agreement Between Sierra Pacific Power Company and Liberty Utilities (CalPeco Electric) LLC (December 17, 2015).

December 2020.⁴ During the period January 1, 2011 through December 31, 2015, Liberty Utilities procured virtually all of its electric supply requirements through a prior and analogous services agreement with NV Energy.⁵

The Commission approved Liberty Utilities entering the 2016 NV Energy Services Agreement in Decision (“D.”) 15-12-021. The Commission conditioned its approval on the Parties amending the agreement to incorporate certain changes D.15-12-021 required. On December 22, 2015, Liberty Utilities submitted Advice Letter 51-E presenting an amended 2016 NV Energy Services Agreement that revises the agreement in accordance with the requirements of D.15-12-021.

The 2016 NV Energy Services Agreement represents the foundation of Liberty Utilities plans to meet its annual RPS Procurement Quantity Requirements (“PQR”). The 2016 NV Energy Services Agreement obligates NV Energy for each year between 2016 through 2020 to deliver increasing amounts of RPS energy ranging up to 30.5 percent of Liberty Utilities’ total energy purchases.⁶

Additionally, the 2016 NV Energy Services Agreement provides Liberty Utilities the flexibility to displace the purchase of RPS energy from NV Energy to up to a maximum of 60 MWs from Liberty Utilities’ own renewable projects (“Liberty Renewable Projects”). Liberty Utilities has provided notice to NV Energy that it intends to displace certain amounts of RPS energy, which NV Energy would otherwise supply, with generation from the Luning Solar Project. In D.16-01-021 (“Luning Approval Decision”), the Commission authorized Liberty Utilities to acquire, operate, and maintain the 50 MW Luning Solar Project. The Luning Solar

⁴ Either Party, by timely providing notice, has the option to terminate the 2016 NV Energy Services Agreement after three years and four months (*i.e.*, by May 1, 2019). *See id.*, at Section 3.

⁵ The Commission authorized Liberty Utilities to enter the prior NV Energy Services Agreement and recover the costs it incurred in that agreement in D.10-10-017 (“Prior NV Energy Services Agreement”).

⁶ *See* 2016 NV Energy Services Agreement, at Section 6.1.

Project is being constructed in Luning, Nevada and is currently projected to commence commercial operation in February 2017.

Liberty Utilities is also currently considering options as to whether and how best to procure up to 10 MWs of renewable resources that it has the flexibility to procure under the 2016 NV Energy Services Agreement.

The 2016 NV Energy Services Agreement retains for electric consumers of Liberty Utilities the benefits of a cost-effective and reliable energy supply, supported by the resource reserve criteria NV Energy maintains for its own retail loads and the firmest level of transmission service NV Energy can offer (*i.e.*, equivalent to the transmission firmness NV Energy provides its own retail customers).⁷ It also continues to provide Liberty Utilities with load balancing, load following and the other ancillary services the Prior NV Energy Services Agreement provided.⁸ Additionally, the 2016 NV Energy Services Agreement has reduced the price that Liberty Utilities pays NV Energy for RPS generation.⁹

II. SECTION 6.1 – ASSESSMENT OF RPS PORTFOLIO SUPPLIES AND DEMAND-§ 399.13(A)(5)(A)

For the period from 2016 to 2020, Liberty Utilities will satisfy its RPS procurement requirements by its purchases of RPS-eligible renewable energy from:

1. Purchases under the NV Energy Services Agreement from the designated pool of five RPS-eligible geothermal projects;
2. Generation produced by the Luning Solar Project, and up to 10 MWs from other eligible renewable projects;

⁷ See D.15-12-021, mimeo at 17-19.

⁸ D.15-12-021, mimeo at 9.

⁹ See Liberty Utilities Application 16-07-001, Chapter 3, which contains the Compliance Filing Liberty Utilities made in compliance with D.15-12-021. The Compliance Filing concludes that during the then most current period available, the prices that NV Energy is charging for RPS generation in the 2016 NV Energy Services Agreement is more than 20 percent less expensive than the price for the comparable RPS purchases would have been under the Prior NV Energy Services Agreement.

3. Purchases “from renewable facilities located in Liberty [Utilities’] service territory and interconnected to Liberty [Utilities]’ distribution system” with a generating capacity of up to 8,000 kW;¹⁰
4. Purchases from any Qualifying Facility that may be located within Liberty Utilities service territory and whose generation qualifies as RPS-eligible;¹¹
5. Excess RPS energy deliveries in prior years that Liberty Utilities has “banked” and is allowed to use to satisfy a future year’s RPS purchase requirements; and
6. Purchases of unbundled renewable energy credits (“RECs”) from the market.

Liberty Utilities meets the criteria of Section 399.17,¹² and is thus exempt from the Portfolio Content Categories requirements. It accordingly needs only to meet the RPS procurement targets set forth in D.11-12-020. Furthermore, Liberty Utilities will make its procurement decisions based primarily on its 25-year load forecast and will optimize for cost, value, and risk for its customer, and not on specific deliverability characteristics or additional factors (*e.g.*, ability and/or willingness to be curtailed, operational flexibility, grid integration, potential for overgeneration).

Unlike most other utilities that meet their customer’s requirements through a portfolio of utility owned generators, power purchase agreements, and short-term purchases from the market, Liberty Utilities obtains the “full requirements” necessary to meet and match its customers real-time load requirements through the 2016 NV Energy Services Agreement (supplemented by the energy resources described above). As a result, Liberty Utilities receives service equivalent to NV Energy’s retail customers (*i.e.*, the Liberty Utilities customer turns its lights on or off, and

¹⁰ See 2016 NV Energy Services Agreement, at Section 4.6(iii).

¹¹ See *id.*, at Section 4.6(iv).

¹² See D. 15-12-021, mimeo at 46 (Conclusions of Law No. 11).

NV Energy is obligated to increase or decrease its supply to follow this change load).¹³

NV Energy is obligated to meet Liberty Utilities' customer's instantaneous load throughout the term of the 2016 NV Energy Services Agreement. A major advantage of this quality of service for Liberty Utilities is that the provider of such full requirements service takes on the responsibilities for planning and meeting Liberty Utilities' entire load. NV Energy's obligations under the 2016 NV Energy Services Agreement include maintaining a portfolio of resources that will meet both its retail customer's load and Liberty Utilities' load, both reliably and at the least cost.

In addition, the 2016 NV Energy Services Agreement enables Liberty Utilities to increase supply diversity by allowing it to replace RPS purchases from NV Energy with purchases from the Liberty Renewable Projects. Moreover, NV Energy's obligations to match the real-time loads of the customers of Liberty Utilities imposes responsibility on NV Energy for grid integration and the avoidance of any possible overgeneration (*i.e.*, during any period a Liberty Utilities Renewable Project is generating power, NV Energy has the obligation to decrease on a real-time basis the generation from its own units and/or its purchases from third parties in the amount necessary to enable Liberty Utilities' supply to match its load). Thus, the 2016 NV Energy Services Agreement provides ratepayer value through increased reliability, flexibility and lower costs.

With respect to "lessons learned" in regards to RPS procurement during the past year, Liberty Utilities can report: (i) the importance of allowing sufficient time to ensure timely

¹³ "[The 2016 NV Energy Services Agreement] obligates NV Energy to provide the same service reliability to Liberty Utilities' customers as NV Energy provides to its own customers. NV Energy's entire supply portfolio (excluding the Valmy coal plant) is committed to meeting the full load requirements of Liberty Utilities' customers, including peak demand. When necessary to serve Liberty Utilities' customers NV Energy must increase output at an operating facility, start up an idle facility, or procure energy in the market." D.15-12-021, mimeo at 17.

Commission review and approval of any RPS-procurement contracts; and (ii) the infeasibility and cost inefficiencies of Liberty Utilities using an RFP process to procure a long-term RPS contract to acquire RPS generation in an amount at least equal to 0.25% of its total retail sales during 2011-2013 for purposes of complying with Public Utilities Code § 399.13(b).¹⁴

Liberty Utilities has calculated its annual purchase obligation from a long-term RPS purchase agreement as approximately 85 RECs annually over at least a 10 year period. The costs to structure and then conduct an RFP and select a winner will most likely exceed the anticipated costs for Liberty Utilities to select a proposal that provides 85 RECs per year for a minimum 10-year period. In addition, it is unlikely that Liberty Utilities' issuance of an RFP seeking 85 RECs per year over a 10-year period would attract many prospective sellers given the negligible size of the need and the long-term nature of the commitment. Accordingly, the prudent course of action is for Liberty Utilities to seek out counterparties and then assuming it can locate an entity that would engage in such a small transaction, to participate in bilateral negotiations.

III. SECTION 6.2 – PROJECT DEVELOPMENT STATUS UPDATE § 399.13(A)(5)(D)

As explained above, in the Luning Approval Decision, the Commission authorized Liberty Utilities to purchase, own and operate the 50 MW Luning Solar Project. It is currently being constructed in Luning, Nevada with an anticipated Commercial Operation Date in February 2017. Approximately 300 workers are currently on-site. Construction of the substation and interconnection facilities to NV Energy's transmission system is complete and will be energized soon. Tracker installations are underway and modules have been installed on some portions.

IV. SECTION 6.3 – POTENTIAL COMPLIANCE DELAYS § 399.13(A)(5)(B)

No compliance delays are expected for the term of the 2016 NV Energy Services Agreement. Exhibit H to the 2016 NV Energy Services Agreement identifies five currently

¹⁴ See D.15-12-021, mimeo at 47 (Conclusions of Law No. 15).

operating geothermal RPS generating facilities from which NV Energy shall obtain the RPS generation to supply Liberty Utilities. Each of the five geothermal plants is currently operating and thus is no longer subject to permitting, financing or construction delays.¹⁵ The construction of the Luning Solar Project is on schedule and there are no outstanding issues that would delay the Commercial Operation Date beyond February 2017. Additionally, Liberty Utilities has the ability to timely respond to any potential compliance delays through a combination of banked RECs and market purchases of RECs.

V. SECTION 6.4 – RISK ASSESSMENT-§ 399.13(A)(5)(F)

As stated before, the five geothermal projects from which NV Energy sells Liberty Utilities' RPS qualified generation are each in operation and, as such, operating projects present very little, if any, risk of an long-term inability to generate.

The 50 MW Luning Solar Project had been subject to development risk and is now subject to the risks present in any construction. The Luning Solar Project had been planned to be in commercial operation by December of 2016 to ensure its eligibility for the 30% federal investment tax credit which had been then due to expire as of December 31, 2016. However, in light of the extension of the availability of the 30% investment tax credit and other commercial considerations, the Luning Solar Project is now projected to commence commercial operation in February 2017.

In any event, Liberty Utilities will be able to make up any possible 2017 RPS-purchase shortfall resulting from a one-month delay in the commercial operation of the Luning Solar Project and the possible risk of unexpected commercial or construction-related issues extending

¹⁵ See 2016 NV Energy Services Agreement, at Section 6.2 See also D.15-12-021, mimeo at 44 (Findings of Fact No. 13):

The [2016] NV Energy [Services Agreement] does not pose any issues with respect to renewable project development and viability.

the commercial operation date beyond February 2017 by its use of the banked RECs and purchases of RECs from the market.

VI. SECTION 6.5 – QUANTITATIVE INFORMATION - § 399.13(A)(5)(A),(B),(D) AND (F)

Liberty Utilities’ quantitative response is provided in Attachment A.

VII. SECTION 6.6 – “MINIMUM MARGIN” OF PROCUREMENT – § 399.13(A)(4)(D)

The May 17 Ruling does not identify Liberty Utilities as among the utilities that must identify “in their proposed 2016 RPS Procurement Plans the assumed minimum margin of procurement above the minimum procurement level necessary to comply with the RPS program to mitigate the risk that renewable projects under contract are delayed or terminated.”¹⁶

VIII. SECTION 6.7 – BID SOLICITATION PROTOCOL, INCLUDING LEAST-COST BEST-FIT METHODOLOGIES – § 399.13(A)(5)(C) AND D.04-07-029

Liberty Utilities is not subject to the least-cost best-fit (“LCBF”) methodology prescribed in Decision 04-07-029. In addition, Liberty Utilities does not anticipate the need for a solicitation in 2017 and accordingly, it has not included a bid solicitation protocol.

IX. SECTION 6.8 – CONSIDERATION OF PRICE ADJUSTMENT MECHANISMS – § 399.13(A)(5)(E)

Liberty Utilities obtained through negotiations with the Luning Solar Project developer numerous automatic price adjustment mechanisms in the Purchase and Sale Agreement to acquire the Luning 50 MW Solar Project. The Commission approved these commercial and pricing arrangements in the Luning Approval Decision. These automatic price adjustment mechanisms will operate to make Liberty Utilities’ customers “whole” in the event that a number of possible contingencies occur, including: (i) the operation of the Luning Solar Project is delayed and is not eligible for the full 30% federal investment tax credit; (ii) the Luning Solar Project fails to generate to its contracted capacity level; and/or (iii) the Luning Solar Project fails

¹⁶ May 28 Ruling, at 13.

to generate 98% of the anticipated amount of energy in the first year of commercial operations.¹⁷ If any of these events occur, the purchase price for the Luning Solar Project would be automatically adjusted downward to correspond to the economic harm Liberty Utilities and its customers would actually suffer.

X. SECTION 6.12 – IMPORTANT CHANGES TO PLANS NOTED

The important changes between the 2015 and 2016 RPS Procurement Plan are:

- 1) Execution of the 2016 NV Energy Services Agreement that allows Liberty Utilities greater flexibility in the procurement of its RPS energy requirements;¹⁸
- 2) The Luning Approval Decision authorizing Liberty Utilities to acquire, own, and operate 50 MW of solar generation with deliveries commencing in 2017; and
- 3) The requirement that Liberty Utilities respond to the Bid Solicitation Protocol section.

XI. SECTION 6.13 – REDLINED COPY OF PLANS

A redlined version of the 2016 RPS Procurement Plan is included as Attachment B.

XII. SECTION 6.14 – SAFETY CONSIDERATIONS

Liberty Utilities believes no safety considerations are related to any of the RPS energy procurement information provided.

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¹⁷ See First Amended and Restated Purchase and Sale Agreement, Sections 2.9 and 3.6, respectively.

¹⁸ See Decision 15-12-021.

Respectfully submitted,

/s/

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Dated: August 8, 2016

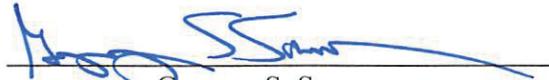
Attorneys for Liberty Utilities (CalPeco
Electric) LLC

VERIFICATION

I, Gregory S. Sorensen, hereby declare that I am the President of Liberty Utilities (CalPeco Electric) LLC, I have read the foregoing 2016 Renewables Portfolio Standard Procurement Plan, and the information set forth therein is true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of August 2016, at Downey, CA.



Gregory S. Sorensen

Liberty Utilities (CalPeco Electric) LLC

ATTACHMENT A

LIBERTY UTILITIES' QUANTITATIVE RESPONSE

Facility Name	Technology	Contract Expiration Date	MW	Expected Annual Generation (GWh)	Location	PCC Classification
NA no specific Facility	NA no specific Facility	12/30/2020 NA no specific Facility	NA no specific Facility	All requirements	NV Energy Portfolio	PCCO

ATTACHMENT B

REDLINED VERSION OF THE 2016 RPS PROCUREMENT PLAN

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~~(PUBLIC VERSION)~~

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August ~~4,8, 2015~~2016

Attorneys for Liberty Utilities (CalPeco
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LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E)

~~(PUBLIC VERSION)~~

Pursuant to the *Assigned Commissioner* and Assigned Administrative Law Judge's-
~~Revised~~ Ruling Identifying Issues and Schedule of Review for ~~2015~~2016 Renewables Portfolio
Standard Procurement Plans issued on May ~~28, 2015~~17, 2016 (“May ~~28~~17 Ruling”), Liberty
Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty Utilities”) submits its ~~2015~~2016
Renewables Portfolio Standard (“RPS”) Procurement Plan.¹ ~~Pursuant to the May 28 Ruling,~~
Liberty Utilities’ RPS Procurement Plan provides information required in Sections 6.1 through
~~6.6, 6.8, 6.13 and 6.12~~ through ~~6.15~~6.14 of the May ~~28~~17 Ruling.² ~~In addition, Liberty Utilities~~
~~provides the quantitative information described in Table 1 and required by Section 6.11 of the~~
~~May 28 Ruling as Attachment A.~~

I. BACKGROUND

Liberty Utilities currently procures virtually all of its electricity,² including its
RPS-eligible renewable energy, from Sierra Pacific Power Company d/b/a NV Energy (“NV
Energy”) through a 5~~multi~~-year services agreement (“~~Existing~~2016 NV Energy Services

¹ By email ruling on June ~~30, 8, 2016~~, Administrative Law Judge Mason extended the deadline to file
proposed annual RPS Procurement Plans to August ~~4, 8, 2015-2016~~.

² ~~See May 28 Ruling, at 7, as modified by July 29 email clarification from Administrative Law Judge~~
~~Mason.~~

² Liberty Utilities obtains a limited amount of electricity from the 12 MW diesel-fired Kings Beach
Generating Station (“Kings Beach”). Operations of Kings Beach are limited by air permit restrictions.
See Decision 10-10-017, mimeo at 47, 53 (Findings of Fact No. 1).

Agreement”) ~~which is scheduled to terminate on December 31, 2015.~~³ The 2016 NV Energy Services Agreement became effective on January 1, 2016 and has a term through December 2020.⁴ During the period January 1, 2011 through December 31, 2015, Liberty Utilities and NV Energy have negotiated a new procured virtually all of its electric supply requirements through a prior and analogous services agreement with ~~a maximum term of six years, four months (January 2016—April 2022)~~ (the ~~“2016 NV Energy Services Agreement”~~) ~~that is currently pending approval before the Commission in Application 15-04-019.~~ NV Energy.⁵

The Commission approved Liberty Utilities entering the 2016 NV Energy Services Agreement in Decision (“D.”) 15-12-021. The Commission conditioned its approval on the Parties amending the agreement to incorporate certain changes D.15-12-021 required. On December 22, 2015, Liberty Utilities submitted Advice Letter 51-E presenting an amended 2016 NV Energy Services Agreement that revises the agreement in accordance with the requirements of D.15-12-021.

The 2016 NV Energy Services Agreement represents the foundation of Liberty Utilities plans to meet its annual RPS Procurement Quantity Requirements (“PQR”) ~~through a combination of the.~~ The 2016 NV Energy Services Agreement ~~which~~ obligates NV Energy for each year between 2016 through ~~2012~~2020 to deliver increasing amounts of RPS energy ranging ~~from zero to~~ up to 30.5 percent of Liberty Utilities’ total energy purchases;³ ~~together with:~~⁶

- 1) ~~Purchases of up to 60 megawatts (“MW”) of RPS-eligible solar generation beginning in January 1, 2017 from one or two solar projects Liberty Utilities is seeking Commission approval to purchase, own, and operate in Application 15-04-016 (“Solar Projects Application”);~~

³ See Advice Letter 51-E, Exhibit 4, Second Amended Service Agreement Between Sierra Pacific Power Company and Liberty Utilities (CalPeco Electric) LLC (December 17, 2015).

⁴ Either Party, by timely providing notice, has the option to terminate the 2016 NV Energy Services Agreement after three years and four months (i.e., by May 1, 2019). See id., at Section 3.

⁵ The Commission authorized Liberty Utilities to enter the prior NV Energy Services Agreement and recover the costs it incurred in that agreement in D.10-10-017 (“Prior NV Energy Services Agreement”).

³ ~~See 2016 NV Energy Services Agreement, Section 6.1, included as Appendix A to Application 15-04-019.~~

⁶ See 2016 NV Energy Services Agreement, at Section 6.1.

- 2) ~~Excess RPS energy deliveries in prior years which Liberty Utilities has “banked” and is allowed to use to satisfy future years RPS purchase requirements;~~

Additionally, the 2016 NV Energy Services Agreement provides Liberty Utilities the flexibility to displace the purchase of RPS energy from NV Energy to up to a maximum of 60 MWs from Liberty Utilities’ own renewable projects (“Liberty Renewable Projects”). Liberty Utilities has provided notice to NV Energy that it intends to displace certain amounts of RPS energy, which NV Energy would otherwise supply, with generation from the Luning Solar Project. In D.16-01-021 (“Luning Approval Decision”), the Commission authorized Liberty Utilities to acquire, operate, and maintain the 50 MW Luning Solar Project. The Luning Solar Project is being constructed in Luning, Nevada and is currently projected to commence commercial operation in February 2017.

Liberty Utilities is also currently considering options as to whether and how best to procure up to 10 MWs of renewable resources that it has the flexibility to procure under the 2016 NV Energy Services Agreement.

3) ~~Purchases of up to 8000 kilowatts (“kW”) per year “from renewable facilities located in Liberty [Utilities]’ service territory and interconnected to Liberty [Utilities]’ distribution system”;~~⁴ ~~and/or~~ The 2016 NV Energy Services Agreement retains for electric consumers of Liberty Utilities the benefits of a cost-effective and reliable energy supply, supported by the resource reserve criteria NV Energy maintains for its own retail loads and the firmest level of transmission service NV Energy can offer (i.e., equivalent to the transmission firmness NV Energy provides its own retail customers).⁷ It also continues to provide Liberty Utilities with load balancing, load following and the other ancillary services the Prior NV

⁴ ~~Section 4.6(iii) of the 2016 NV Energy Services Agreement, included as Appendix A to Application-15-04-019.~~

⁷ See D.15-12-021, mimeo at 17-19.

Energy Services Agreement provided.⁸ Additionally, the 2016 NV Energy Services Agreement has reduced the price that Liberty Utilities pays NV Energy for RPS generation.⁹

- 4) ~~Purchases of RPS energy and/or unbundled renewable energy credits (“RECs”) from the market.~~

II. SECTION 6.1 ~~---~~ ASSESSMENT OF RPS PORTFOLIO SUPPLIES AND DEMAND-§ 399.13(A)(5)(A)

For the period from ~~2012~~2016 to ~~2015~~2020, Liberty Utilities will satisfy its RPS procurement requirements by its purchases of RPS-eligible renewable energy ~~through the Existing NV Energy Service Agreement. For the term of the 2016 NV Energy Services Agreement, Liberty Utilities will satisfy its RPS procurement requirements as described above.~~ from:

1. Purchases under the NV Energy Services Agreement from the designated pool of five RPS-eligible geothermal projects;
2. Generation produced by the Luning Solar Project, and up to 10 MWs from other eligible renewable projects;
3. Purchases “from renewable facilities located in Liberty [Utilities]’ service territory and interconnected to Liberty [Utilities]’ distribution system” with a generating capacity of up to 8,000 kW;¹⁰
4. Purchases from any Qualifying Facility that may be located within Liberty Utilities service territory and whose generation qualifies as RPS-eligible;¹¹
5. Excess RPS energy deliveries in prior years that Liberty Utilities has “banked” and is allowed to use to satisfy a future year’s RPS purchase requirements; and
6. Purchases of unbundled renewable energy credits (“RECs”) from the market.

~~As a utility that~~Liberty Utilities meets the criteria of Section ~~399.17;~~⁵ ~~Liberty Utilities is~~399.17,¹² and is thus exempt from the ~~portfolio content categories and~~Portfolio Content

⁸ D.15-12-021, mimeo at 9.

⁹ See Liberty Utilities Application 16-07-001, Chapter 3, which contains the Compliance Filing Liberty Utilities made in compliance with D.15-12-021. The Compliance Filing concludes that during the then most current period available, the prices that NV Energy is charging for RPS generation in the 2016 NV Energy Services Agreement is more than 20 percent less expensive than the price for the comparable RPS purchases would have been under the Prior NV Energy Services Agreement.

¹⁰ See 2016 NV Energy Services Agreement, at Section 4.6(iii).

¹¹ See id., at Section 4.6(iv).

⁵ ~~See D. 11-12-052, mimeo at 63.~~

¹² See D. 15-12-021, mimeo at 46 (Conclusions of Law No. 11).

Categories requirements. It accordingly needs only to ~~focus on meeting~~meet the RPS procurement targets set forth in D. 11-12-020. Furthermore, Liberty Utilities will make its procurement decisions based primarily ~~only~~ on its 30-year load forecast and will optimize for cost, value, and risk for its customer, and not on specific deliverability characteristics or additional factors (*e.g.*, ability and/or willingness to be curtailed, operational flexibility, grid integration, potential for overgeneration).

Unlike most other utilities that meet their customer's requirements through a portfolio of utility owned generators, power purchase agreements, and short-term purchases from the market, Liberty Utilities obtains the "full requirements" necessary to meet and match its clients real-time load requirements through the 2016 NV Energy Services Agreement (supplemented by the energy resources described above). As a result, Liberty Utilities receives service equivalent to NV Energy's retail customers (i.e., the Liberty Utilities customer turns its lights on or off, and

NV Energy is obligated to increase or decrease its supply to follow this change load).¹³

NV Energy is obligated to meet Liberty Utilities' customer's instantaneous load throughout the term of the 2016 NV Energy Services Agreement. A major advantage of this quality of service for Liberty Utilities is that the provider of such full requirements service takes on the responsibilities for planning and meeting Liberty Utilities' entire load. NV Energy's obligations under the 2016 NV Energy Services Agreement include maintaining a portfolio of resources that will meet both its retail customer's load and Liberty Utilities' load, both reliably and at the least cost.

¹³ "[The 2016 NV Energy Services Agreement] obligates NV Energy to provide the same service reliability to Liberty Utilities' customers as NV Energy provides to its own customers. NV Energy's entire supply portfolio (excluding the Valmy coal plant) is committed to meeting the full load requirements of Liberty Utilities' customers, including peak demand. When necessary to serve Liberty Utilities' customers NV Energy must increase output at an operating facility, start up an idle facility, or procure energy in the market." D.15-12-021, mimeo at 17.

In addition, the 2016 NV Energy Services Agreement enables Liberty Utilities to increase supply diversity by allowing it to replace RPS purchases from NV Energy with purchases from the Liberty Renewable Projects. Moreover, NV Energy's obligations to match the real-time loads of the customers of Liberty Utilities imposes responsibility on NV Energy for grid integration and the avoidance of any possible overgeneration (i.e., during any period a Liberty Utilities Renewable Project is generating power, NV Energy has the obligation to decrease on a real-time basis the generation from its own units and/or its purchases from third parties in the amount necessary to enable Liberty Utilities' supply to match its load). Thus, the 2016 NV Energy Services Agreement provides ratepayer value through increased reliability, flexibility and lower costs.

With respect to "lessons learned" in regards to RPS procurement during the past year, Liberty Utilities can report: (i) the importance of allowing sufficient time to ensure timely Commission review and approval of any RPS-procurement contracts; and (ii) the infeasibility and cost inefficiencies of Liberty Utilities using an RFP process to procure a long-term RPS contract to acquire RPS generation in an amount at least equal to 0.25% of its total retail sales during 2011-2013 for purposes of complying with Public Utilities Code § 399.13(b).¹⁴

Liberty Utilities has calculated its annual purchase obligation from a long-term RPS purchase agreement as approximately 85 RECs annually over at least a 10 year period. The costs to structure and then conduct an RFP and select a winner will most likely exceed the anticipated costs for Liberty Utilities to select a proposal that provides 85 RECs per year for a minimum 10-year period. In addition, it is unlikely that Liberty Utilities' issuance of an RFP seeking 85 RECs per year over a 10-year period would attract many prospective sellers given the negligible size of the need and the long-term nature of the commitment. Accordingly, the prudent course of action is for Liberty Utilities to seek out counterparties and then assuming it

¹⁴ See D.15-12-021, mimeo at 47 (Conclusions of Law No. 15).

can locate an entity that would engage in such a small transaction, to participate in bilateral negotiations.

**III. SECTION 6.2 —~~PROJECT DEVELOPMENT STATUS UPDATE § 399.13(A)(5)(D)~~—
PROJECT DEVELOPMENT STATUS UPDATE § 399.13(A)(5)(D)**

~~There are no RPS sources serving Liberty Utilities that are under Commission approved contracts but not delivering generation. NV Energy is obligated to deliver Liberty Utilities' full RPS requirements from NV Energy's RPS generating facilities and purchases.~~

As explained above, in the Luning Approval Decision, the Commission authorized Liberty Utilities to purchase, own and operate the 50 MW Luning Solar Project. It is currently being constructed in Luning, Nevada with an anticipated Commercial Operation Date in February 2017. Approximately 300 workers are currently on-site. Construction of the substation and interconnection facilities to NV Energy's transmission system is complete and will be energized soon. Tracker installations are underway and modules have been installed on some portions.

IV. SECTION 6.3 – POTENTIAL COMPLIANCE DELAYS § 399.13(A)(5)(B)

No compliance delays are expected for the term of the ~~Existing~~2016 NV Energy Services Agreement ~~that ends December 31, 2015. In order to address the contingency that the Commission does not approve the 2016 NV Energy Services Agreement before the end of 2015, Liberty Utilities has contracted with NV Energy to extend the Existing NV Energy Services Agreement for a period of four months in the event that contingency occurs. In addition, Liberty Utilities has mitigated any potential compliance delays through two methods.~~ Exhibit H to the 2016 NV Energy Services Agreement identifies five currently operating geothermal RPS generating facilities from which NV Energy shall obtain the RPS generation to supply Liberty Utilities. Each of the five geothermal plants is currently operating

~~First, NV Energy's annual RPS delivery obligation to Liberty Utilities—under both the Existing and 2016 NV Energy Services Agreement—is stated as a percentage of Liberty Utilities' wholesale purchase from NV Energy. For instance, if you assume that in 2016, Liberty Utilities' wholesale purchases are 1,000 MWhs, NV Energy would be obligated to deliver 230 MWhs of RPS-qualified energy (i.e. 23% of 1,000 MWh). In contrast, the annual California RPS percentage purchase requirements are stated in terms of retail sales load only. Thus, under the above illustrative example, to meet California's 2016 RPS requirement, Liberty Utilities would only need to procure 228 MWhs of RPS-eligible energy (i.e. 25% of 912 MWhs of retail sales, accounting for an 8% loss factor and 8 MWhs of wholesale sales). By procuring additional MWhs of renewable energy, Liberty Utilities will in each year procure slightly more renewable energy than is required to meet California's RPS obligation, thus facilitating Liberty Utilities' ability to meet its statutory obligations.—~~

~~Second, as described in Section I above~~ and thus is no longer subject to permitting, financing or construction delays.¹⁵ The construction of the Luning Solar Project is on schedule and there are no outstanding issues that would delay the Commercial Operation Date beyond February 2017.

~~Additionally, Liberty Utilities has ensured that it has the procurement flexibility~~ the ability to timely respond to any potential compliance delays through a combination of ~~the 2016 NV Energy Services Agreement and other procurement methods.~~ banked RECs and market purchases of RECs.

V. SECTION 6.4 —~~RISK ASSESSMENT-§ 399.13(A)(5)(F)~~ RISK ASSESSMENT-§ 399.13(A)(5)(F)

~~Liberty Utilities has no risk of failure to build or of construction delay for eligible renewable energy resource projects currently under contract because all of Liberty Utilities' RPS~~

¹⁵ See 2016 NV Energy Services Agreement, at Section 6.2 See also D.15-12-021, mimeo at 44 (Findings of Fact No. 13).¹

The [2016] NV Energy [Services Agreement] does not pose any issues with respect to renewable project development and viability.

~~sources are currently in operation. Furthermore, as described in Section I above, Liberty Utilities has ensured that it has the procurement flexibility to timely respond to any potential risks through a combination of the 2016 NV Energy Services Agreement and other procurement methods.~~

As stated before, the five geothermal projects from which NV Energy sells Liberty Utilities' RPS qualified generation are each in operation and, as such, operating projects present very little, if any, risk of a long-term inability to generate.

The 50 MW Luning Solar Project had been subject to development risk and is now subject to the risks present in any construction. The Luning Solar Project had been planned to be in commercial operation by December of 2016 to ensure its eligibility for the 30% federal investment tax credit which had been then due to expire as of December 31, 2016. However, in light of the extension of the availability of the 30% investment tax credit and other commercial considerations, the Luning Solar Project is now projected to commence commercial operation in February 2017.

In any event, Liberty Utilities will be able to make up any possible 2017 RPS-purchase shortfall resulting from a one-month delay in the commercial operation of the Luning Solar Project and the possible risk of additional commercial or construction-related issues extending the commercial operation date beyond February 2017 by its use of the banked RECs and purchases of RECs from the market.

VI. SECTION 6.5 – QUANTITATIVE INFORMATION - § 399.13(A)(5)(A),(B),(D) AND (F)

Liberty Utilities' quantitative response is provided in Attachment ~~B~~A.

VII. SECTION 6.6 – “MINIMUM MARGIN” OF PROCUREMENT – § 399.13(A)(4)(D)

The May ~~28~~17 Ruling does not identify Liberty Utilities as ~~one of~~among the utilities that must identify “in their proposed ~~2015~~2016 RPS Procurement Plans the assumed minimum

margin of procurement above the minimum procurement level necessary to comply with the RPS program to mitigate the risk that renewable projects under contract are delayed or terminated.”⁶¹⁶

VIII. SECTION 6.7 – BID SOLICITATION PROTOCOL, INCLUDING LEAST-COST BEST-FIT METHODOLOGIES – § 399.13(A)(5)(C) AND D.04-07-029

Liberty Utilities is not subject to the least-cost best-fit (“LCBF”) methodology prescribed in Decision 04-07-029. In addition, Liberty Utilities does not anticipate the need for a solicitation in 2017 and accordingly, it has not included a bid solicitation protocol.

IX. ~~VIII.~~ SECTION 6.8 – CONSIDERATION OF PRICE ADJUSTMENT MECHANISMS – § 399.13(A)(5)(E)

Liberty Utilities ~~included~~ obtained through negotiations with the Luning Solar Project developer numerous automatic price adjustment mechanisms in the Purchase and Sale ~~Agreements it negotiated with the solar project developers to acquire the solar projects, which are pending Commission approval in Application 15-04-016.~~ Agreement to acquire the Luning 50 MW Solar Project. The Commission approved these commercial and pricing arrangements in the Luning Approval Decision. These automatic price adjustment mechanisms will operate to make Liberty Utilities’ customers “whole” in the event that a number of ~~potential~~ possible contingencies occur, including: ~~(1) a project~~ i) the operation of the Luning Solar Project is delayed and is not eligible for the full 30% federal Investment Tax Credit, which expires at the end of 2016; ~~(2) a project fails to perform~~ investment tax credit; (ii) the Luning Solar Project fails to generate to its contracted capacity level; and/or ~~(3) a project does not~~ iii) the Luning Solar Project fails to generate 98% of the anticipated amount of energy in the first year of commercial operations.¹⁷ If any of these events occur, the purchase price for the ~~project~~ Luning Solar Project would be automatically adjusted downward ~~based on~~ to correspond to the economic harm Liberty Utilities and its customers would actually suffer.

⁶¹⁶ May 28 Ruling, at 13.

¹⁷ See First Amended and Restated Purchase and Sale Agreement, Sections 2.9 and 3.6, respectively.

X. ~~IX.~~ SECTION 6.136.12 – IMPORTANT CHANGES TO PLANS NOTED

The ~~most~~ important changes between the ~~2014~~2015 and ~~2015~~2016 RPS Procurement Plan are:

- 1) Execution of the 2016 NV Energy Services Agreement that allows Liberty Utilities greater flexibility ~~to replace NV Energy as the provider of significant portions in the procurement~~ of its RPS energy requirements ~~that is pending before the Commission in Application 15-04-019;⁷ and ¹⁸~~
- 2) ~~Filing Application 15-04-016 seeking Commission approval for~~The Luning Approval Decision authorizing Liberty Utilities to acquire, own, and operate ~~up to 60~~50 MW of solar generation ~~beginning in January 1, 2017~~with deliveries commencing in 2017; and
- 3) The requirement that Liberty Utilities respond to the Bid Solicitation Protocol section.

XI. ~~X.~~ SECTION 6.146.13 – REDLINED COPY OF PLANS

A redlined version of the ~~2015~~2016 RPS Procurement Plan is included as Attachment ~~CB.~~

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XII. ~~XI.~~ SECTION 6.156.14 – SAFETY CONSIDERATIONS

Liberty Utilities believes ~~there are~~ no safety considerations are related to any of the RPS energy procurement information provided.

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~~⁷ See Application 15-04-019, at 15.~~

¹⁸ See Decision 15-12-021.

Respectfully submitted,

/s/

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