

September 21, 2018

Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Drive S.W.  
Olympia, Washington 98504-7250

**RE: U-161024— Washington Utilities and Transportation Commission’s August 24, 2018  
Notice of Opportunity to File Written Comments on Competitive Resource Acquisition by  
Request for Proposals**

Invenergy LLC (“Invenergy”) appreciates the opportunity to submit these comments regarding the Washington Utilities and Transportation Commission (“Commission” or “UTC”) Request for Feedback. Invenergy is North America’s largest independent, privately held renewable energy provider. The Company develops, owns and operates large-scale renewable and other clean energy generation and storage facilities in North America, Latin America, Japan and Europe. Invenergy has contracted, started construction, or operates 12,772 MW of wind projects, 1,249 MW of solar projects, 6,126 MW of natural gas capacity, and 68 MW of energy storage projects.

Invenergy has developed or operates several wind, solar and thermal generating assets in Washington, Oregon, Idaho, Montana, and California. Invenergy’s regional assets in operation include the Vantage (WA), Willow Creek (OR), Wolverine Creek (ID), and Judith Gap (MT) wind farms; the Desert Green (CA) solar installation; and the Grays Harbor Energy Center (WA) natural gas-fired combined-cycle combustion turbine project.

In this comment, Invenergy only addresses one of the Commission’s requests for feedback. Invenergy’s lack of comment on other requests does not imply a position on those issues. Except to the extent they directly conflict with the comments contained herein, Invenergy supports the comments of Renewable Northwest and the Northwest and Intermountain Power Producers Coalition.

**Request #4 – Thresholds for Exemption**

The threshold for exemption proposed to allow utilities to purchase from the market should not be adopted because it is undefined, puts ratepayers at risk, and fails to support the market for affordable, reliable electricity generation. See Proposed 480-107-015(4)(b).

The term “short-term market purchases” is undefined and thus creates uncertainty as to what kinds of utility purchases could be exempt from competitive bidding. If the utility must apply to the Commission to determine whether their proposed market purchase qualifies as a “short-term market purchase,” then that undermines the purported reason to adopt the exemption, which was to increase clarity and certainty. Although the proposed exemption includes a reference to “five years,” that time period describes the period of sufficient regional adequacy to support the forecasted market purchases, it does not necessarily define “short-term” as it is used in the proposed exemption. To the extent that the proposed exemption was intended to allow market purchases up to 5 years to be exempt from competitive bidding, the harms to ratepayers and the market for affordable, reliable generation described below are only exacerbated as ratepayers are exposed to the risk of high market prices for too long. If the

Commission believes it must adopt an exemption for market purchases, then the time period of resources subject to that exemption should have a rational basis related to utility planning, such as until the next Integrated Resource Plan or until the next regional resource adequacy assessment by the Northwest Power and Conservation Council.

If exemptions to competitive bidding for market purchases are allowed, the Commission will be unable to judge whether ratepayers could have been better served by other resources. This is an unwise and potentially expensive path, since market purchases expose ratepayers to severe price risks especially where, as with utilities in Washington, several different utilities rely in significant amounts on the same market to meet their firm retail loads. Under existing power cost adjustment mechanisms, retail ratepayers and not utility shareholders bear the consequences of market disruptions (such as the recent outage of Colstrip Units 1-4) and high market prices. If the utility proceeds under a waiver of competitive solicitation requirements by relying on short-term market purchases, then the utility's shareholders should accept some portion or all of the risk if that bet to rely on short-term market purchases does not pay off. Indeed, load-serving entities in California are required to submit exhibits each fall documenting that they have obtained firm resource commitments for the next calendar year, identifying specific power plants. In the face of retirements and unplanned outages, allowing several different utilities to rely on the same market without the check of competitive solicitation simply exposes ratepayers to too great of a risk of price increases.

Even if, in the short-term, ratepayers may be served by short-term market purchases, the inability of generators to recover their fixed costs means that, in the long-term, over-reliance on market purchases makes uneconomic the long-term investments in new or existing generators necessary to deliver affordable, reliable power. By failing to fully compensate generation owners for fixed costs, the electricity market in the Pacific Northwest does not lead to economically efficient outcomes. As the market clears based on marginal costs, the fixed costs necessary to generate affordable, reliable electricity remain unrecovered. This is not sustainable in the long-term and may result in significant shortages, price increases, or reliance on other regions to serve ratepayers in Washington.