



November 29, 2017

The Honorable Tim Walberg
2436 Rayburn House Office Building
Washington, D.C. 20510

Dear Representative Walberg:

Thank you for your leadership in introducing legislation to modernize the Public Utility Regulatory Policies Act of 1978. The reforms proposed in the legislation would continue to preserve an important role for renewable resources, while minimizing opportunities for gaming the law in ways that raise costs for customers. With our roots in renewable energy, Berkshire Hathaway Energy is an \$85 billion portfolio of locally managed businesses that share a vision for the energy future. These businesses deliver affordable, safe and reliable service each day to more than 11.6 million electric and gas customers and end-users around the world and consistently rank high among energy companies in customer satisfaction. We support this legislation in furtherance of those goals and continued provision of service to our customers.

Since PURPA was passed nearly 40 years ago, the energy landscape has changed dramatically: independent generators have open access to transmission, renewable resources are on the rise due to state requirements and customer requests, and flattening load and decreasing energy prices require utilities to carefully plan to meet their long-term energy supply needs in a manner that is cost-effective for customers.

Given these changes, it is essential that PURPA be modernized to continue to serve the public interest. Obsolete methods of measuring a qualifying facility based on a one-mile distance apart in rural areas has led to developers gaming the system to derive the highest revenues at the expense of customers. The result of the current system is that our utilities are forced to negotiate contracts and integrate significant volumes of renewable energy resources outside of a need-based analysis and without a competitive solicitation to ensure the lowest costs for our customers. A few recent examples at our utilities illustrate this concern.

- A developer requested three 80 MW qualifying facility contracts for a 240 megawatt wind facility in Montana that share a common transmission line they are building into Wyoming to secure Wyoming avoided cost prices.
- A developer requested fourteen 80 MW qualifying facility contracts for a combined over 1,100 megawatt solar facility in central Utah that would utilize the same transmission line and connect to a single point of delivery on PacifiCorp's transmission system.
- This year PacifiCorp executed four identical 80 megawatt qualifying facility contracts (with project companies of a common developer) for a combined 320 megawatt wind facility in Wyoming that will interconnect by a common generation tie-line to a single point of delivery on PacifiCorp's transmission system.



Similarly, the proposed legislation recognizes the important role of state regulatory processes to plan a cost-effective generation supply for the benefit of customers. Currently, our utilities engage in integrated resource planning to forecast load and make plans for generation to meet that load 20 years in advance as acknowledged by the state public utility commissions. For instance, the 2017 Integrated Resource Plan for PacifiCorp identifies the need for at least 1,100 MW of new wind resources to cost-effectively meet customer needs. In response to a request for proposals issued to solicit competitive proposals for these new wind facilities, PacifiCorp received bids for more than 5,000 MW of new wind resource capacity. In contrast, qualifying small power production facilities can simply invoke a mandatory purchase obligation without any consideration of resource need as established in the integrated resource planning process and without participation in a competitive solicitation process that is critical to ensure that resource needs are met cost effectively. We support changes to PURPA that acknowledge the role of state regulatory commissions in encouraging the cost-effective procurement of renewable resources.

Together, the changes will modernize PURPA as applied to qualifying small power production facilities on a prospective basis. Altogether, PacifiCorp is currently facing costs of \$1.5 billion over the next ten years in excess of projected market prices, as a result of contracts mandated under PURPA. While the proposed statutory changes cannot impact existing contracts, it is important that Congress begin the necessary process of modernizing PURPA so that further onerous contracts, and their costs to customers, do not continue to grow.

As the bill is considered in the House of Representatives, please know that we appreciate your efforts and stand ready to provide you with any assistance necessary to support this much-needed proposal.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Reiten', with a stylized, cursive script.

Patrick Reiten
Senior Vice President
Berkshire Hathaway Energy

Cc: Greg Walden, Chair, House Energy and Commerce Committee
Fred Upton, Chair, House Energy and Commerce Committee, Subcommittee on Energy