

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Southern Power Company
Docket No. ER15-1950-000

July 24, 2015

Mr. Lyle D. Larson
Balch & Bingham LLP
Attorney for Southern Power Company
1710 Sixth Avenue North
Birmingham, Alabama 35203

Reference: Request for Authorization for Affiliate Sales

Dear Mr. Larson:

On June 18, 2015, you filed on behalf of Southern Power Company (Southern Power) and Georgia Power Company (Georgia Power) a request for authorization for Southern Power to make power sales to its affiliate, Georgia Power. In *Allegheny Energy Supply Company*,¹ the Commission provided guidance as to how it will evaluate whether a competitive solicitation process, such as the Request for Proposals (RFP) in the instant proceeding, satisfies the criteria established in *Boston Edison Co. Re: Edgar Electric Energy Co.*² You claim that the RFP satisfies these criteria because the competitive solicitation process was conducted in a fair and transparent manner.

¹ *Allegheny Energy Supply Co.*, 108 FERC ¶ 61,082 (2004). See also *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697, FERC Stats. & Regs. ¶ 31,252, at P 540, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh'g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268, *clarified*, 124 FERC ¶ 61,055, *order on reh'g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh'g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh'g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010), *aff'd sub nom. Montana Consumer Counsel v. FERC*, 659 F.3d 910 (9th Cir. 2011), *cert. denied*, 133 S. Ct. 26 (2012).

² *Boston Edison Co. Re: Edgar Electric Energy Co.*, 55 FERC ¶ 61,382 (1991).

Please be advised that to process your filing, the Commission requires additional information, as described below.³

(1) Exhibit A of your filing states that the Georgia Public Service Commission Staff required that Georgia Power and Southern Power be precluded from bidding into the Advanced Solar Initiative (ASI) portion of the RFP.⁴ Please explain why this was the case.

(2) How many proposals were submitted by bidders in response to the ASI and Advanced Solar Initiative-Prime (ASI-Prime) RFP? Of those bids, how many were submitted by Southern Company and its affiliates? Please provide the number of associated megawatts, bid price, and name each subsidiary.

(3) You state Georgia Power and the Independent Evaluator each analyzed bids quantitatively and compared their results to create a short ranked list of bids that met the RFP criteria and presented the best price.⁵ Please explain to what extent Georgia Power was involved in this process and how any differences between Georgia Power's and the Independent Evaluator's results were resolved.

(4) Exhibit B of your filing states that transmission interconnection costs played a significant role in the final rankings.⁶ Figures 19, 20, and 21 of Exhibit B show the bid ranking with and without transmission costs for the three bid groupings, 2015 ASI-Prime, 2016 ASI-Prime, and ASI.⁷

(a) The referenced Figures 19, 20, and 21 do not identify the bidders by name. Please identify the bidders and associated projects by name and state the associated power purchase agreements (PPAs) that were executed.

(b) Please explain what the Existing Study column of Figures 19, 20, and 21 represents, state the date each of the studies were produced, and provide an explanation of why each of the existing studies were performed.

³ Southern Power should use Type of Filing Code 180 – Deficiency Filing.

⁴ See June 18 Filing, Ex. A (Georgia Power Certification Filing and Related Supporting Testimony, Direct Testimony of Jamie Barber and John Kaduk) at 4, 7.

⁵ See *id.* at 12.

⁶ See *id.*, Ex. B (Independent Evaluator Report) at 32.

⁷ See *id.*, Ex. B (Independent Evaluator Report) at 48-49.

(c) For each bid listed in Figures 19, 20, and 21 of Exhibit B, please provide the contract energy prices (\$/MWh) and the Net Benefit calculated per the methodology described in Exhibit A.⁸

(5) Exhibit A lists the six ASI-Prime power purchase agreements (PPAs) and four ASI PPAs of the winning bidders selected for certification.⁹ Appendix B states that the final rankings were based on the quantitative analysis, and only in the event that bids were equal from a quantitative aspect would non-price factors influence the rankings.¹⁰

(a) Please explain how Georgia Power selected the six ASI-Prime PPAs and four ASI PPAs listed in Exhibit A for certification by the Georgia Commission from the ranked ASI-Prime and ASI bid proposals listed in Figures 19, 20, and 21 of Exhibit B.

(b) Attachment C of 'Exhibit D-Appendix A Solar RFP Materials' lists the non-price factors considered in the evaluation process. Please state whether this is a comprehensive list of the non-price factors; if not, please provide any additional non-price factors.

(c) Please identify any winning bidder whose ranking was not based solely on bid price plus transmission costs and describe how the non-price bid factors were evaluated and scored, and the relative weight given to the non-price factors in assigning such bidder's rank.

(d) Please explain the oversight role of the Independent Evaluator in this process.

(6) You state that Southern Power and Longview Solar, LLC first met concerning the potential acquisition of LS-Pawpaw, LLC on November 19, 2014.¹¹ Please confirm

⁸ See *id.*, Ex. A (Georgia Power Certification Filing and Related Supporting Testimony, Georgia Power's Application for the Certification of the 2015 and 2016 Advanced Solar Initiative Prime Power Purchase Agreements and Request for Approvals of the 2015 Advanced Solar Initiative Power Purchase Agreements) at 17.

⁹ See *id.*, Ex. A (Georgia Power Certification Filing and Related Supporting Testimony, Georgia Power's Application for the Certification of the 2015 and 2016 Advanced Solar Initiative Prime Power Purchase Agreements and Request for Approvals of the 2015 Advanced Solar Initiative Power Purchase Agreements) at 8-10.

¹⁰ See *id.*, Ex. B (Independent Evaluator Report) at 27.

¹¹ See June 18 Filing at 6 n.27.

that this is the date when Southern Power or Longview Solar, LLC first initiated discussions regarding the assignment of the Pawpaw PPA.

This information will constitute an amendment to your filing and a new filing date will be established, pursuant to *Duke Power Co.*, 57 FERC ¶ 61,215 (1991). A notice of amendment will be issued upon receipt of your response.

This letter is issued pursuant to 18 C.F.R. § 375.307(a)(1)(v) (2014) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. Southern Power must respond to this letter within thirty (30) days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff requirements.¹² An additional electronic copy of the response may also be emailed to Lauren Campbell at lauren.campbell@ferc.gov.

In addition, please provide a copy of the response to all parties that have either requested or been granted intervention in this proceeding. Failure to respond to this letter within the time period specified may result in an order rejecting the filing.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation – West

¹² *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed).