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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

From: The Office of Consumer Services
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The Division of Public Utilities
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Date: October 30, 2012

Subject: Office of Consumer Services' Comments In the Matter of the Application of Rocky Mountain Power for Approval of Changes to Renewable Avoided Cost Methodology for Qualifying Facilities Projects Larger than Three Megawatts
Docket No. 12-035-100

1 Background

On October 9, 2012, Rocky Mountain Power (Company) filed for Public Service Commission (Commission) approval of certain changes to the current methodology for determining avoided cost pricing for large renewable qualifying facilities (QF). Additionally the Company requested that the Commission stay its 2005 Order in Docket No. 03-035-14 in regard to requests for indicative pricing for wind QFs in excess of three (3) megawatts pending conclusion of this docket.

In its 2005 Order the Commission established two separate methodologies for calculating the avoided cost prices for large wind QF resources between three and 100 MWs.[1] The Company asserts that the Market Proxy method which was recently ordered in the Blue Mountain Wind case, Docket No. 12-2557-01 is no longer appropriate and may result in Utah ratepayers being subject to costs that are higher than avoided costs.

[1] The two methods are the Market Proxy method and the Proxy/Partial Displacement Differential Revenue Requirement (PDDRR) method.

2 Discussion

The Commission issued an Action Request to the Division with a response date of November 8, 2012. The Division has already provided its response indicating support for reevaluating the issues involving the avoided cost methodology and stating that the requested stay may be appropriate in certain circumstances. The Division also encourages the Commission to consider and determine under what circumstances a stay would be ordered and notes its understanding that "there may be as many as three wind QFs in various stages of planning and development".

Long Ridge Wind, which is one of the QFs that has requested indicative pricing from the Company, filed its opposition to the Company's application on October 14, 2012.

The Office is uncertain as to how Long Ridge Wind was made aware of the Company's application but believes there are other parties who would be interested in providing additional input that may not be aware of how or when their comments would be accepted or that the matter is even under review.

It is the Office's view that the Commission should set a schedule in this docket to afford parties the opportunity to evaluate the Company's recommended changes to the methodology for determining avoided cost prices for large wind QF projects. The Office agrees with the Division that the Commission should consider and determine appropriate circumstances for a stay. However, the Office also asserts that the Commission should broadly notice the matter and allow comments and reply comments from parties before making such a determination. Thus, the Office recommends that the issue of applying the stay to projects that have already requested indicative pricing should be addressed in addition to determining a schedule for addressing the substantive issues of the overall case. The Office suggests that it would be a good starting point for the Commission to schedule a technical conference to determine how many projects may be impacted by a stay and where those projects are in the development process coupled with a scheduling conference.

3 Recommendation

The Office recommends that the Commission set a scheduling conference to allow all interested parties to provide input regarding changes to the methodology for determining avoided cost prices for large QF projects. The Office further recommends that the Commission schedule a technical conference to address the issue of the impact of a stay on projects under current development.