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Department of Commerce
Division of Public Utilities

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To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Energy Section
Artie Powell, Manager
Abdinasir Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

Date: October, 14, 2014

Re: 12-035-100, 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.

RECOMMENDATIONS

The Division of Public Utilities recommends that the Commission open a new Docket which combines this compliance filing and the issues raised in the quarterly compliance filing of the Avoided Cost Input Changes. This will allow for a comprehensive review of the issues surrounding Schedule 38.

ISSUE

On October 9, 2014, Rocky Mountain Power (Company) filed its compliance filing, 2014 Wind and Solar Capacity Contribution Study, in the above referenced matter. The Company also filed direct testimony regarding its capacity contribution study. This memorandum is the Division's response to the Company's compliance filing.

DISCUSSION

In its Order on Phase II issues in Docket No. 12-035-100, the Commission directed the Company to conduct a capacity contribution study for wind and solar resources and file a report with the

Commission. Pursuant to this Commission Order, on October 9, 2014, the Company filed its compliance filing.

In a Scheduling Conference held on October 6, 2014 for Docket No. 14-035-40 (Quarterly Avoided Cost updates for Schedule 38), the parties discussed the carbon dioxide tax issue that has been raised in Docket No. 14-035-T04 related to Schedule 37, and that currently awaits a Commission order. The parties agreed that this and other possible issues, including the then immanent filing of the Company's wind and solar capacity contribution study under Docket No. 12-035-100, should be rolled into a new docket for consideration of these issues related to Schedule 38. The Division agreed to file a memorandum with the Commission requesting this new docket. Parties are to file comments listing the issues they believe should be raised in this new docket by October 31, 2014. These issues will be brought to a Scheduling and Scoping Conference that is to be held on November 6, 2014 at 2:00 p.m., nominally under Docket No. 14-035-40.

The Division understands that the Company will continue to make its routine Quarterly Avoided Cost filings, but that any substantive issues will be addressed in the new Docket requested here.

In reviewing this compliance filing, the Division notes that there also are issues associated with Schedule 38 raised in Docket No. 14-035-40 that need to be resolved in conjunction with this compliance filing. These issues include the carbon dioxide tax, the requirements of the EPA draft regulation, specifically 111d, guidelines for the Company to apply for Commission approval before making changes to its avoided cost calculations, and possibly other issues that will be identified by other parties in a scoping and scheduling meeting that is scheduled to be held on November 6, 2014.

Therefore, the Division respectfully requests that the Commission open a new Docket which combines this compliance filing and the quarterly compliance filing of the Avoided Cost Input Changes. This will allow for a comprehensive review of the issues surrounding Schedule 38.

CC: Dave Taylor, RMP
Michele Beck, OCS
Service List for Docket No. 14-035-40