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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities	**DOCKET NO. 14-035-T04**

Comments from Tracy Livingston

I am the same Tracy Livingston that founded Spanish Fork Wind Park, LLC and developed the Spanish Fork wind project. Afterward I founded and operated Wasatch Wind, Inc. as CEO for several years and was directly involved in pricing methods with utilities for over 1000 MW of wind project development. Upon review of the utility's filings in this docket, I have determined a discrepancy in the utility's calculations of capacity value that is not in harmony with previous rulings by the Utah PSC.

The PUC order in docket 12-035-100 does not affirm or rule that the avoided capacity VALUE for renewable resources shall be applied to a gas plant's on-peak net capacity FACTOR (NCF) as suggested by the utility. The utility is asking to apply a downward adjusted capacity value to a gas plant first before applying the Commission-approved interim solar capacity value. This double adjustment is not an approved PSC method. The utility is applying its gas plant potential operational hours during on peak hours divided by the total hours in a year, that appears to be analogous to a capacity factor. They then multiply this NCF by the avoided cost of a gas plant. Historically, capacity value is determined by availability which is the maximum generation capacity available of a resource to supply energy; in this case during peak demand. Capacity by definition in case history is not determinable by that resources estimated or actual annual output or operational hours. Therefore, availability, per industry standard definition, is not analogous to actual hours of operation. However, the utility appears to be attempting to be implementing operational hours or NCF into the calculations. This appears to be an attempt by the utility at a new kind of capacity value policy as calculated in its Exhibit A spreadsheet by dividing an avoided cost gas plant's capacity value in a given year by a gas plant's potential operation hours during peak. It appears that Rocky Mountain Power uses this NCF type of number of 56% before applying the result to the solar capacity benefit. This is an erroneous method at best.

I point to the utility's spreadsheet described as Exhibit A in the May 7, 2014 filings. The utility calculates the capacity value of wind, and fixed and tracking solar as a per MWh value in columns AC, AJ, and AQ, respectively, by multiplying the PUC's approved solar capacity benefit as determined in docket 12-035-100 to Table 6A, "Baseload On and Off Peak Energy Prices," column W, which is previously calculated by multiplying the On peak NCF of a gas plant to the Simple Cycle CT Fixed Costs in column D of Table 3 "Capitalized Energy Costs." I am not debating here the efficacy of using a CT plant as the avoided cost plant, however, the multiplication of the $/Kw-yr value of the gas plant by the NCF of a gas plant's average on peak NCF and then multiplying the result to the qualifying facility's capacity value is new and without precedence in Utah PUC rulings.

I would suggest that the PSC, in approving interim capacity values for renewable qualifying facilities (based on the NREL study referenced in that docket), did not contemplate that the capacity benefit be multiplied by the 56% NCF of a gas plant as the utility has requested in this docket. A reasonable assumption is that the PSC expected the utility to apply the capacity value as NREL did, that is by using the determination of solar's contribution to reliability to determine its value. However, despite the reasonableness of this logic, and perhaps because the PSC did not state explicitly how to use the NREL capacity determination, the utility appears to have ignored the obvious intent of both NREL and the PSC. I ask for clarification.

The right application of the NREL determined capacity benefit should be analogous to the availability (and not the NCF) of the gas plant during the equivalent hours that solar is available for peak hour power production. In fact, even the utility's own recommended exceedance method in the prior docket is based on availability of solar during peak hours compared to availability of the gas plant it avoids. A gas plant NCF, as the utility incorrectly uses it, is not availability but represents hours of operation as a dispatchable resource. The utility provides no evidence that the NCF is a proxy for the gas plant's availability in peak hours. This use of NCF violates a basic industry definition of NCF. Instead of citing many readily available references for NCF definition and application, I simply point out that the utility's 2013 IRP applies the NCF properly in various tables of generation resources as an annualized MWh output.

Thus a proper calculation of capacity value of a solar resource, for example, should multiply the capacity value of an avoided gas plant's availability during peak hours multiplied by the NREL determined capacity value of solar as previously approved by the commission. Regardless of the final capacity value method, the blending of the capacity value with the energy costs requires unnecessary additional calculations and creates an unnecessarily, overly complicated method.

However, should the PSC approve a blended rate during the insufficiency years, I recommend that the PSC consider the use of the right calculation, which is the full gas plant capacity value divided by a commission-approved solar NCF. An approximate NCF value in the equation for a blended rate is not ideal as it requires not only an assumption of solar NCF but obfuscates the capacity component and requires an unnecessary MWh

capacity value determination, all of which is solvable by simply retaining a separate value of capacity benefit.

Submitted Respectfully, Tracy Livingston

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