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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 Michael Cole, for Bright Sun LLC

I write to point out two serious flaws in the calculations supporting Rocky Mountain Power's Proposed Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities and request a Commission review of the calculations.

Capacity Value. First, in Docket No. 12-035-100, PP 30-31 the Commission directed the use of solar resource capacity contributions of 68% for a Solar-Fixed QF and 84% for a Solar-Tracking QF based on values derived from the capacity factor (CF) approximation method cited by the Division in testimony regarding the NREL study based on WECC load and resource data and Salt Lake City solar data. However, PacifiCorp has applied these resource contribution percentages to a capacity value that has been reduced by availability and peak hour factors, which I believe to be inconsistent with the basis for the

calculations used in determining the approved capacity contributions and which results in an excessive reduction to the calculated capacity values. Please refer to “254223Exhibit A – Avoided Cost Study 5-7-2014.xlsx” on Table 6a, column W, rows 28 to 39. For clarity, the Avoided Firm Capacity Costs for 2027 of \$147.77 calculated in column V, row 28 should just be multiplied by 68% for a Solar-Fixed Avoided Capacity value of \$100.48/kW-yr.

Capacity Payment. Second, a capacity payment is inherently more accurately allocated based on the generation capacity of a solar project as currently calculated in Schedule 37 rather than attempting to allocate it based on annual MWh produced . However, if the Commission approves of a blended rate, the capacity value must be converted to a \$/MWh basis based on the *net capacity factor* (“NCF”) of each specific technology. The method used by PacifiCorp has a serious error in that it uses the NCF of the proxy resource as the baseline to calculate the value for all technologies.

As an illustration of this error, let’s assume the capacity value for a one MW Solar-Fixed project is calculated as $\$100.48/\text{kW-yr} \times 1,000 \text{ kW} = \$100,480$ per year. PacifiCorp’s method divides the capacity value by the number of hours in a year multiplied by erroneously applied proxy availability factors. PacifiCorp’s calculation is $1.0 \times 8760 \times .927 \times .560 = 4,547.5$ MWh, which yields a Capacity Cost Allocated to On-Peak Hours value of $\$22.09$ \$/MWh [$\$100,480 / 4,547.5$] [See cell AJ28]. However, a one MW Solar-Fixed project with a NCF of 21.5% produces $1.0 \times 8,760 \times .215 = 1,883.4$ MWh. Using PacifiCorp’s method, $\$22.09/\text{MWh}$ would then be multiplied by 1,883.4 MWh

and, at the end of the year, the Solar-Fixed project will have received payment for the capacity value of only \$41,604 [$\22.09×1883.4] instead of the correct value of \$100,480. In this example, the capacity value of \$100,480 value should have been divided by number of hours in a year times an estimated Solar-Fixed NCF so that the project would receive close to the full \$100,480 [$(\$100,480 / 1,883.4) \times 1,883.4$] not the \$41,604 that would result from PacifiCorp's erroneous calculation.

Small QFs merit an accurate calculation of avoided costs specific to their circumstances as distributed generators. For brevity, I limit my comments to identifying and requesting that the calculations and their inherent assumptions, which I discuss above, be reviewed and corrected; however, I do want to emphasize that Bright Sun LLC fully agrees with and supports the critical importance of the arguments put forth within this Docket by Sarah Wright on behalf of Utah Clean Energy.

Submitted Respectfully, Michael Cole

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