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# State of Utah Department of Commerce Division of Public Utilities

FRANCINE GIANI  
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## ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities  
Artie Powel, Manager  
Energy Section  
Abdinasir Abdulle, Technical Consultant  
Charles Peterson, Technical Consultant

Date: April 9, 2019

Re: **Docket No. 18-035-23 (03-035-14)** – Rocky Mountain Power’s Quarterly Compliance Filing – 2018.Q4. Avoided Cost Input Changes

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### RECOMMENDATION (No Action)

The Division of Public Utilities (“Division”) recommends that the Public Service Commission (“Commission”) take no action on Rocky Mountain Power’s (“RMP”) quarterly compliance filing – 2018.Q4 avoided cost input changes. The filing complies with the Commission Orders 03-035-14 and 14-035-140.

### ISSUE

On March 20, 2019, RMP filed its Quarterly Compliance Filing – 2018.Q4. This filing reports changes since RMP’s 2018.Q3 Quarterly Compliance Filing dated December 24, 2018. On March 20, 2019, the Commission issued an Action Request to the Division requesting the Division to review the application for compliance and make recommendations. The Commission

asked the Division to report back by April 9, 2019. This memorandum represents the Division's response to the Commission's Action Request.

## **DISCUSSION**

Based upon Commission Orders dated October 31, 2005 and February 2, 2006 in Docket No. 03-035-14, the RMP is required to provide quarterly updates of its avoided cost indicative pricing, highlighting any changes made to the Proxy and GRID models that are used to calculate Schedule 38 avoided costs. The parties to the proceeding in Docket No. 14-035-140, stipulated and the Commission approved that RMP classify new and updated assumptions as either "Routine Updates" or "Non-Routine Updates." In addition, it has been stipulated that "...parties will file a notice with the Commission within three weeks after RMP files its quarterly compliance filing, to identify which specific assumptions, if any, they intend to contest."

In compliance with these Commission Orders, RMP filed with the Commission its quarterly report for the 2018.Q4 on March 20, 2019. The Division reviewed and checked the accuracy and reasonableness of the calculations in RMP's filing. The Division believes that RMP properly documented the input changes to the avoided cost calculations.

RMP updated several inputs and assumptions to its model since the 2018.Q3 update filing. These updates are all categorized as routine updates except one, GRID Topology change which is categorized as non-routine. This change has split the Wyoming Northeast transmission area into Wyoming East and Wyoming North transmission areas. Though the Division did not perform independent analysis as to how this change would affect the magnitude of the avoided cost changes, the Division sees this proposed change as adding granularity to the inputs of the GRID model and therefore does not oppose it.

Therefore, based on our review and understanding, we conclude that the updates appear reasonable and are correctly incorporated into the avoided cost calculations.

## **CONCLUSION**

Overall, the input changes made by RMP between this compliance filing and the 2018.Q3 filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$0.13 per MWh, wind resources' levelized price **decreased** by \$1.36 per MWh, and solar tracking resources' levelized price **increased** by \$2.62 per MWh.<sup>1</sup> These changes represent the cumulative impact of all the changes made by RMP. The incremental impact of each change from the prior step will depend on the order in which the changes are introduced into the model.

Based upon its review, the Division believes that the updates of the avoided cost calculations are reasonable and the avoided cost prices are calculated according to the Commission approved methods. Therefore, the Division recommends that the Commission take no further action on RMP's filing.

CC: Jana Saba, RMP  
Michele Beck, OCS

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<sup>1</sup> Rocky Mountain Power, Docket No. 18-035-23 – 2018.Q4. Avoided Cost Input Changes Quarterly Compliance Filing, March 20, 2019, Appendix B1.