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Department of Commerce

Division of Public Utilities

FRANCINE GIANI CHRIS PARKER
Executive Director *Director, Division of Public Utilities*

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: May 15, 2019

Re: **Docket No. 19-035-18 (03-035-14)** – Rocky Mountain Power’s Quarterly Compliance Filing – 2019.Q1. Avoided Cost Input Changes

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 – 2019.Q1 avoided cost input changes. The filing complies with the Commission Orders 03-035-14 and 14-035-140.

ISSUE

On April 30, 2019, RMP filed its Quarterly Compliance Filing – 2019.Q1. This filing reports changes since RMP’s 2018.Q4 Quarterly Compliance Filing dated March 20, 2019. On April 30, 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 May 20, 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, 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 2019.Q1 on April 30, 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.Q4 update filing. These updates are all categorized as routine. The routine updates serve to update the basic model inputs to keep the GRID model current. The specific routine updates that RMP made include: routine GRID model updates; update of signed contract queue to reflect resources not included in the 2017 IRP Update; and update of the Official Forward Price Curve (OFPC) to PacifiCorp's March 31, 2019 OFPC (1903 OFPC). The Division agrees that these updates are correctly designated as routine.

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.Q4 filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$0.39 per MWh, wind resources' levelized price **increased** by \$3.84 per MWh, and solar tracking resources' levelized price **increased** by \$1.99 per MWh.¹ 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

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