



State of Utah
Department of Commerce
Division of Public Utilities

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Recommendation

To: Utah Public Service Commission
From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Abdinasir Abdulle, Utility Technical Consultant
Justin Christensen, Utility Analyst
Date: October 18, 2019
Re: **Rocky Mountain Power’s Quarterly Compliance Filing – 2019 Q2 Avoided Costs Input Changes**
Docket No. 19-035-18

Recommendation (No Action Required)

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.Q2 avoided cost input changes. The filing complies with the Commission Orders in Dockets No. 03-035-14 and 14-035-140.

Issue

On September 30, 2019, RMP filed its Quarterly Compliance Filing – 2019.Q2. This filing reports changes since RMP’s 2019.Q1 Quarterly Compliance Filing dated April 30, 2019. On September 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 October 21, 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.Q2 on September 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 2019.Q1 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 and current potential QFs; load forecast update, and update of the Official Forward Price Curve (OFPC) to PacifiCorp's June 28, 2019 OFPC (1906 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 2019.Q1 filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by

\$1.22 per MWh, wind resources' levelized price **decreased** by \$2.10 per MWh, and solar tracking resources' levelized price **increased** by \$1.43 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. 19-035-18 – 2019.Q1. Avoided Cost Input Changes Quarterly Compliance Filing, April 30, 2019, Appendix B1.