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## State of Utah

### Department of Commerce Division of Public Utilities

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## Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Abdinasir Abdulle, Utility Technical Consultant

Justin Christensen, Utility Analyst

**Date:** April 29, 2020

**Re:** **Docket No. 19-035-18**, Rocky Mountain Power's Quarterly Compliance Filing – 2019 Q4 Avoided Costs Input Changes.

### **Recommendation: Partially Suspend**

Upon review, the Division of Public Utilities (“Division”) concludes Rocky Mountain Power’s (“RMP”) quarterly compliance filing – 2019.Q4 avoided complies with the Commission Orders in Dockets Nos. 03-035-14 and 14-035-140. However, one routine update to the wind pricing is the same update classified as non-routine in RMP’s quarterly compliance filing – 2019.Q3, which is under review with comments due May 28, 2020. Therefore the Division recommends suspending application of the routine update to the wind resource pricing until the Commission completes the current review of the non-routine 2019.Q3 update.

## **Issue**

On April 9, 2020, RMP filed its Quarterly Compliance Filing – 2019.Q4. This filing reports changes since RMP’s 2019.Q3 Quarterly Compliance Filing dated January 10, 2020. On April 10, 2020, 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 29, 2020. 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.Q4 on April 9, 2020. 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.Q3 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 December 31, 2019 OFPC (1912 OFPC).

The 2019.Q4 filing categorizes the updates to the wind deferral as routine. RMP states that “[c]onsistent with the Company’s proposed nonroutine change, the wind QF resource would partially displaces summer and winter FOTs during 2020-2022 and the Utah wind resource in 2023.” The Division agrees that the update is properly categorized as a routine update as applied to the prior filing from 2019.Q3. However, it is a routine update to the non-routine update from the prior quarter that has not yet been approved. For this reason, the Division recommends that the Commission treat the 2019.Q4 update for wind pricing similarly to the non-routine update that is currently under review by the Commission from the 2019.Q3 filing.

## **Conclusion**

Overall, the input changes made by RMP between this compliance filing and the 2019.Q3 filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$0.17 per MWh, wind resources’ levelized price **decreased** by \$2.21 per MWh as compared to the 2019.Q3 filed price update that is currently under review, and solar tracking resources’ levelized price **increased** by \$0.36 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 for thermal and solar resources are reasonable and the avoided cost prices are calculated according to the Commission approved methods. The Division recommends that the Commission take no further action on the thermal and solar resource updates. The Division recommends suspending application of the routine update to the wind resource pricing until the Commission completes the current review of the non-routine 2019.Q3 update.

CC: Jana Saba, RMP  
Michele Beck, OCS

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<sup>1</sup> Rocky Mountain Power, Docket No. 19-035-18 – 2019.Q4. Avoided Cost Input Changes Quarterly Compliance Filing, April 9, 2020, Appendix B1.