

## Wind QF Pricing Procedure

As presented at the Utah Renewable QF Sub-task Force, the Company's wind pricing procedure is outlined below:

1. The Company will pay 20% of the Company's Commission approved avoided capacity costs.
2. Wind resources would receive a volumetric price based on on-peak and off-peak prices.
3. The 20% capacity payment would be included solely within on-peak hours in such a way that a 35% on-peak capacity factor resource would get exactly a 20% capacity payment.
4. Avoided costs would be reduced by the Company's wind integration costs.
5. If the methodology includes seasonal prices, then the same seasonal prices would apply to wind resources.

In this example we will use the Commission approved avoided costs for QFs from Schedule 37. This description is only intended to describe the type of calculations that will be necessary to accomplish the pricing adjustments mentioned above. The actual calculations will depend upon the methodology developed by the Large QF taskforce.

### Table 2

Table 2 is a summary page showing monthly on-peak and off-peak prices. The format is useful to assist in the calculation of seasonal prices. A section is added showing the off-peak pricing including the wind integration costs. The wind integration cost start at \$4.64 /MWH and escalate at inflation. We used 2.5% to simplify the example, the actual inflation rate to be used is in provided in the IRP Table C.1.

### Table 4

Table 4 calculates the total avoided energy cost. A column is added to incorporate the wind integration costs as described again. Total energy costs will tie to the values in Table 2

### Table 5

Table 5 calculates total avoided costs. Total capacity costs as calculated in Table 3 are carried forward and then adjusted to 20% of the Company's avoided capacity cost in column (b). Column (d) shows the effective \$/MWH for a wind resource with an average 35% capacity factor across all hours.

### Table 6

Table 6 shows on-peak and off-peak pricing. The wind capacity payment is allocated to on-peak hours by the formula 'annual capacity payment / (8.750 x 35% capacity factor x 57% on-peak hours)'.

**Tariff Page**

This page shows how avoided costs might be developed seasonally and it also has a section that verifies that the capacity and energy calculation and seasonal on-peak / off-peak pricing results in the same total cost.