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MEMORANDUM



To: Parties of Record in Docket No. 03-035-14

From: Utah Public Service Commission Staff

Date: January 19, 2005

Re: Transmission Avoided Cost Questions, Docket No. 03-035-14 *“In the Matter of the Application of PacifiCorp for Approval of an IRP-Based Avoided Cost Methodology For QF Projects Larger than One Megawatt.”*

Per the January 10, 2006 Scheduling Order in this docket, the purpose of this memo is to provide parties with Commission staff questions related to comments and proposals previously filed on avoided transmission costs. The intent of these questions is not to limit the scope or issues raised by parties in this case but rather to clarify and better understand proposals or comments made thus far. Specifically, these questions relate to PacifiCorp’s proposed methods for calculating avoided transmission capacity costs and losses. The scope of these questions is fourfold: 1) Time horizon of base study analysis; 2) Voltage level included in the analysis; 3) Unit of analysis (single QF capacity versus sum of QF capacity); and, 4) Relationship of the incurrence of transmission losses to the type of power delivered. Responses may be included in direct testimony.

Avoided Transmission Capacity Cost

1. PacifiCorp’s proposed method requires the QF to be fully integrated as a Network Resource under PacifiCorp Merchant’s Network Tariff to receive benefits associated with interconnecting to the system.

The Network Service Integration application process appears to require the applicant to provide 10-years of load and resource data to the Transmission Provider. PacifiCorp proposes to use the interconnection system impact study process for analysis of avoided transmission cost and to limit the base case to 5 years.

- a) What is a typical period of analysis in an interconnection study?

- b) Why is 10-years of data requested of an applicant for the integration impact study but only 5 years proposed for analyzing transmission avoided cost?
 - c) What is the difference between the integration system impact study (referred to in item 4 of the Company's proposed process) and the interconnection system impact study (referred to in item 5 of the Company's proposed process)?
 - d) There is also mention in the Company's FERC Open Access Transmission Tariff (OATT) of the Transmission System Impact Study. How does this study differ from the other two studies and what is its study time horizon.
2. In its FERC OATT, does the Company limit interconnection to 138 kV lines?
 3. PacifiCorp proposes that savings be based on the net transmission benefits or costs that the QF provides to PacifiCorp when integrated as a Network Resource into the system. Please describe the standard methodology and the standardized set of system models that are used for the studies that determine these costs and benefits.
 4. Please explain the topology of the transmission system as it is represented in the Company's interconnection or integration models described in Question 3 above.
 5. Please explain the difference between PacifiCorp's 5-year detailed transmission plan and its IRP transmission plan. Does PacifiCorp have other "transmission plans"?
 6. In the Company's FERC OATT, it appears that PacifiCorp may "cluster" study requests and prorate costs among the cluster. What does this entail and to what extent is this done?

Avoided Transmission Losses

When integrated as a Network Resource it appears that the network resource must purchase losses per the Company's OATT network tariff.

7. Is this correct?
8. How are losses calculated and costs allocated to network resources?
9. Under what conditions of power delivery are losses charged or not charged or allocated to a network resource?
10. Are losses charged to a Network Resource for: a) non-firm power; b) the wind proxy contract customer; c) must-run resources; d) fully dispatchable power; e) firm power?