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Attorneys for Rocky Mountain Power

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<p><b>IN THE MATTER OF ROCKY MOUNTAIN POWER’S PROPOSED REVISIONS TO ELECTRIC SERVICE SCHEDULE NO. 37, AVOIDED COST PURCHASES FROM QUALIFYING FACILITIES</b></p> <p><b>IN THE MATTER OF ROCKY MOUNTAIN POWER’S SCHEDULE NO. 37, AVOIDED COST PURCHASES FROM QUALIFYING FACILITIES</b></p>	<p>Docket Nos. 14-035-T04, 14-035-55</p> <p><b>ROCKY MOUNTAIN POWER’S PETITION FOR RECONSIDERATION, REVIEW OR REHEARING OF THE COMMISSION’S DECEMBER 30, 2014 ORDER ON REVIEW AND MOTION FOR STAY</b></p>
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Pursuant to §§ 54-7-14.5, 54-7-15, 63G-4-301 and 63G-4-405 of the Utah Code and R746-100-11(F) and R746-100-3(J) of the Utah Administrative Code, PacifiCorp doing business as Rocky Mountain Power (the “Company”) respectfully: (1) requests reconsideration, review or rehearing of the Public Service Commission of Utah’s (the “Commission”) December 30, 2014, Order on Review in these dockets;<sup>1</sup> and (2) moves the Commission for a stay of the Order on Review pending the Commission’s reconsideration of the Order on Review and its expedited

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<sup>1</sup> The Company recognizes that a request for reconsideration, review or rehearing of an Order on Review is unusual. However, there is nothing in the Utah Code or Commission Rules prohibiting such a petition, and § 54-7-14.5(1) of the Utah Code makes it clear “[t]he [C]ommission may, at any time after providing an affected utility notice and an opportunity to be heard, rescind, alter, or amend any order or decision made by the [C]ommission.” This pleading is the Company’s first chance to address the decisions that were made in the Order on Review.

approval of capacity contribution values. In addition, attached as Exhibit 1 to this Petition for the Commission's consideration are tariff templates that reflect the full price impacts of the Report and Order issued October 21, 2014, in this docket (the "October Order"), the Order on Review, and prices filed with this Petition that are in compliance with the Commission's directive in the October Order to differentiate on- and off-peak prices during the sufficiency period.

The Company is also filing concurrently with this Request, a Motion in Docket Nos. 12-035-100 and 14-035-140 requesting expedited approval of the capacity contribution values pending review of the Company's Capacity Contribution Study, which was filed on October 9, 2014 (the "Schedule 38 Compliance Filing"). The capacity contribution values in the Schedule 38 Compliance Filing should immediately replace the Interim Values (as defined below) which have been used temporarily in both Schedule 37 and 38 avoided cost calculations.

The Company is entitled to this relief because: (1) the Commission overlooked key evidence in the record with respect to its decision to overturn the decision in the October Order regarding the elimination of the capacity and energy payment option and the removal of the simple cycle combustion turbine ("SCCT") capacity cost component during the resource sufficiency period; (2) in the Order on Review, the Commission rejected findings in the October Order that were based on substantial evidence without explaining why the findings were in error and (3) as illustrated by the tariff templates in Exhibit 1, the implementation of the Order on Review will result in substantial harm to the Company's retail customers. If the Interim Values are used for purposes of calculating avoided costs pricing for Schedule 37 qualifying facilities ("QFs"), prices will be 1.8 times the avoided costs approved in the October Order and nearly double the avoided costs for Schedule 38 QFs, in violation of the ratepayer indifference standard under the Public

Utility Regulatory Policies Act of 1978 (“PURPA”).<sup>2</sup> The Company will further explain in its separately filed Motion why expedited approval of the CF Method Values (as defined below) is reasonable because there is a substantial likelihood the Commission will approve them in the Schedule 38 Compliance Filing. Finally, assuming the Commission denies the Company’s Request for Review and Rehearing and Motion to Stay, not implementing the CF Method Values on an expedited basis will result in substantial harm to the Company’s retail customers.

In support of this Request, Rocky Mountain Power states as follows:

### **INTRODUCTION**

On August 16, 2013, the Commission issued its Order on Phase II Issues in Docket No. 12-035-100 (“Avoided Cost Order”), approving an avoided cost method to determine indicative prices for power purchases from certain QF projects larger than three megawatts. In that order, the Commission made significant changes in the avoided cost method previously approved. Among other things, the Commission directed the Company to perform and file a study calculating capacity contribution for wind and solar resources for the Proxy/Partial Displacement Differential Revenue Requirement (“PDDRR”) method using the Effective Load Carrying Capability (“ELCC”) method or the Capacity Factor Allocation (“CF”) method considering Loss of Load Probability (“LOLP”). The order further provided that the Company should temporarily apply certain capacity contribution percentages for wind and solar QFs (“Interim Values”) pending the filing of the study.

On October 9, 2014, pursuant to the Avoided Cost Order, the Company filed its Schedule 38 Compliance Filing. The Company requested that the Commission adopt the capacity contribution values (“CF Method Values”) derived from the capacity contribution study for

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<sup>2</sup> These examples are referring to the prices for fixed solar.

purposes of calculating capacity payments for wind and solar Schedule 38 QF projects under the currently effective Proxy/PDDRR method. Further the Company requested that the CF Method Values replace the Interim Values that were temporarily adopted by the Commission in the Avoided Cost Order. With the support of all the parties in this case, the Interim Values are also currently being used to calculate avoided costs for Schedule 37 qualifying facilities' projects. When the CF Method Values replace the Interim Values, the CF Method Values will be used to calculate avoided costs for both Schedules 37 and 38.

When the Company made its Schedule 38 Compliance Filing, the Commission had not yet issued its October Order and its Order on Review in this case. Given the significant changes to the Schedule 37 avoided costs methodology recently ordered by the Commission in its Order on Review, the Company decided to request for expedited approval of the CF Method Values as explained in more detail in the Company's Motion for Expedited Approval, filed simultaneously with this Petition, in Dockets No. 12-035-100 and 14-035-140. We further request that the Commission replace the Interim Values with the CF Method Values for purposes of calculating avoided costs for Schedule 37 QFs in these dockets.

These dockets were commenced on May 7, 2014, when the Company proposed revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities. Following extensive proceedings in which all parties had an opportunity to present evidence and argument, the Commission issued the October Order. In the October Order, the Commission approved the five adjustments proposed by the Company, and approved the Schedule 37 rates as filed. The proposed adjustments were: (1) to include solar and wind integration charges; (2) to reduce capacity costs to reflect the capacity contribution of solar QF resources; (3) to eliminate the capacity and energy rates payment option; (4) to remove SCCT capacity costs during the

sufficiency period; and (5) to remove future carbon costs from the official forward price curve.

On November 20, 2014, SunEdison, LLC, Sustainable Power Group, LLC,<sup>3</sup> and Utah Clean Energy (“Petitioners”) filed a Request for Agency Review, Reconsideration or Rehearing (“Request”) with the Commission, requesting that the Commission reverse each of the decisions in its October Order and find that: (1) wind and solar integration costs should not be included in Schedule 37 avoided cost pricing; (2) the capacity and energy payment option for Schedule 37 QFs should not have been eliminated; (3) the SCCT capacity cost component of Schedule 37 rates during the sufficiency period should not have been removed; (4) future carbon costs should not have been removed from the Company’s official forward price curve and other inputs; and (5) the Commission should stay the effective date of the Final Order until final resolution of these issues. In the Request, the Petitioners claimed that there was no evidence in the record to support the Commission’s findings, but they did not comprehensively review the evidence or marshal the evidence that supported the findings.

The Company and the Utah Division of Public Utilities filed responses to the Request on December 5, 2014, requesting that the Commission affirm its October Order based on the substantial evidence in the record.

On December 30, 2014, the Commission issued its Order on Review. In the Order on Review, the Commission modified its decisions regarding elimination of the capacity and energy payment option and removal of the SCCT capacity cost component during the resource sufficiency period. These modifications were made based on findings that were inconsistent with those made in the October Order based on substantial evidence in the record without any explanation of the

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<sup>3</sup> Sustainable Power Group, LLC did not petition to intervene in this proceeding and is not a party.

basis for the inconsistency and, in some cases, based on erroneous statements that there was no evidence in the record to support those findings.

As more fully described below, the Company respectfully represents that the Commission overlooked key evidence in its findings and conclusion on these two points and requests that the Commission reconsider its decision with respect to these two issues. Implementation of the Commission’s Order on Review will result in avoided costs pricing for Schedule 37 QFs that is 1.8 times the avoided costs approved in the October Order and nearly double the avoided cost rates for Schedule 38 QFs.<sup>4</sup> Such avoided cost prices will cause substantial harm to the Company’s retail customers. Table 1 below contains a summary of the tariff sheets included as Exhibit 1, which demonstrate that the Order on Review materially overstates avoided costs as compared to the October Order and prices filed with this Petition that are in compliance with the Commission’s directive in the October Order to differentiate on- and off-peak prices during the sufficiency period.

**Table 1—Order on Review, October Order, and Differentiated On- and Off-Peak Pricing**

	<b>Capacity Factor</b>	<b>Order on Review</b>	<b>October Order</b>	<b>October Order Differentiated On/Off Peak</b>
Base Load	85.0%	\$53.55	\$45.46	\$45.46
Wind	40.0%	\$40.91	\$35.79	\$35.01
Fixed Solar	18.5%	\$78.29	\$43.77	\$46.03
Tracking Solar	29.0%	\$70.34	\$45.81	\$48.07

The Company is also filing a separate motion in Docket Nos. 12-035-100 and 14-035-140 for expedited approval of the CF Method Values that were derived using the CF Method considering LOLP and Company data from the Study, as more particularly described below. To avoid the harm to the Company’s retail customers pending reconsideration and review, the

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<sup>4</sup> These examples are referring to the prices for fixed solar.

Company further moves for a stay of the Order on Review pending the Commission's decisions on this Request.

## ARGUMENT

- I. REQUEST FOR RECONSIDERATION, REVIEW OR REHEARING OF ORDER ON REVIEW
  - A. The Evidence Shows that the Capacity and Energy Payment Option with Capacity Contribution Values Applied for Intermittent Resources, Produce Materially Different Payments to Schedule 37 QFs.

The evidence on the record shows that continuing with the capacity and energy payment option produces materially higher payments to Schedule 37 QFs in violation of PURPA's ratepayer indifference standard. In the Order on Review, the Commission stated with respect to the elimination of the capacity and energy payment option:

Upon further review of the record, we agree neither PacifiCorp, the Division nor the Office produce evidence showing the capacity and energy payment option, with capacity contribution values applied for intermittent resources, produce materially different payments to Schedule 37 QFs. We recognize that absent an adjustment for the intermittent characteristics of solar resources, as we have approved for wind resources, the two payment options for solar resources could produce materially different prices for QF power. However, our October Order approved solar capacity contribution factors that reduce the capacity payment. Those solar capacity contribution factors should affect the resulting prices.

Further, we recognize the capacity and energy payment option is longstanding precedent. We conclude this payment option should be eliminated only with further review and evidence subsequent to the capacity contribution adjustments of our October Order. Therefore, for the present we will retain the capacity and energy payment option. We will consider further evidence and argument regarding the two payment options in future Schedule 37 proceedings. (Order on Review at 11.)

The Commission's finding ignores evidence presented in the direct testimony of Company witness Gregory N. Duvall. Mr. Duvall explained that, even after accounting for the capacity contribution of intermittent resources, continuing with the capacity and energy payment option

violates the ratepayer indifference standard and will discriminate between two similarly situated QFs:

Under the current Schedule 37 the two pricing options offered do not produce the same total payments to an individual QF. Furthermore, the separate capacity and energy payment structure may result in payments to low-capacity factor resources, such as wind and solar QFs that are inconsistent with the Company’s ability to avoid capacity costs. (Duvall Dir. at 14:311 – 15:318.)

This is further supported by Table 2 (Table 1 to Mr. Duvall’s direct testimony), which is reproduced below. This table shows the avoided cost rates reflecting all of the changes proposed by the Company to Schedule 37, including applying the Commission-approved capacity contribution percentages for wind and solar resources, applied to both the capacity and energy payment option as well as the volumetric pricing option. The table was designed to show the difference between the two rate design options after all other changes and updates were made.

**Table 2 (Table 1 from Duvall Direct)**

	<b>Capacity Factor</b>	<b>Capacity/Energy Structure</b>	<b>Volumetric</b>
Base Load	85.0%	\$45.90	\$45.46
Wind	40.0%	\$37.57	\$35.79
Fixed Solar	18.5%	\$54.39	\$43.77
Tracking Solar	29.0%	\$51.51	\$45.81

(Duvall Dir. at 16.) As shown, there is a material difference between the capacity and energy option and the volumetric pricing option in Table 2. For example, the difference for “Fixed Solar” is \$10.62/MWh and the difference for “Tracking Solar” is \$5.70/MWh. This difference far exceeds the solar integration charge of \$2.83/MWh for fixed solar and \$2.18/MWh for tracking solar approved by the Commission for Schedule 37 in the October Order and reaffirmed in the Order on Review. It is important to re-emphasize that the numbers in Table 2 incorporate the 84 percent capacity contribution for Tracking Solar and the 68 percent capacity contribution for Fixed Solar

included in the Commission's October Order.<sup>5</sup> The Company explained the application of the capacity contribution percentages on pages 9 and 10 of Mr. Duvall's testimony. In addition, Appendix 1 and Appendix 2 of the Company's May 7, 2014, application detail where and how the capacity contribution percentages were included in the updated avoided costs underlying the rates shown in Table 2.

It appears from statements in the Commission's Order on Review that it mistakenly assumes that Table 2 did not include the capacity contributions included in the October Order. It did. The result of this error, prior to inclusion of the SCCT capacity payment aspect of the Commission's Order on Review, is a material increase in the payments to QFs choosing to receive capacity and energy payments, and a negative impact to customers of approximately \$8.6 million dollars for 25 MW over a 20-year term for Fixed Solar and \$7.2 million for 25 MW of Tracking Solar.<sup>6</sup>

More importantly, the impact of this change is amplified by the Commission's decision to add back SCCT capacity payments during the resource sufficiency period. The incremental impact of the SCCT capacity payment addition to both the capacity and energy rate and the volumetric rate is shown below:

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<sup>5</sup> As discussed further below and in the separate Motion filed in Docket Nos. 12-035-100 and 14-035-140, the Schedule 38 Compliance Filing demonstrates that these capacity contribution percentages are already substantially overstated.

<sup>6</sup> Calculated as follows: 25 MW x 8,760 hours x 18.5% capacity factor x 20 years x \$10.62/MWh for Fixed Solar = \$8.6 million and 25 MW x 8,760 hours x 29% capacity factor x 20 years x \$5.70/MWh for Tracking Solar = \$7.2 million.

**Table 3**  
**Rates Including SCCT Capacity Costs**

	<b>Capacity Factor</b>	<b>Capacity/Energy Structure</b>	<b>Volumetric</b>
Base Load	85.0%	\$53.55	\$52.49
Wind	40.0%	\$40.91	\$36.80
Fixed Solar	18.5%	\$78.29	\$52.26
Tracking Solar	29.0%	\$70.34	\$56.31

Table 3 demonstrates that when the capacity costs of an SCCT are included in the sufficiency period, as directed by the Commission in its Order on Review, the capacity and energy payment option increases avoided cost rates by \$26.02/MWh for Fixed Solar and \$14.04/MWh for Tracking Solar relative to the volumetric rate. The difference in price between the two options will clearly result in immediate financial harm to retail customers if the Company is required to implement pricing that provides the developer the option to choose the energy and capacity pricing stream and receive a capacity credit for allegedly deferring a SCCT in the resource sufficiency period.

The cumulative impact of the Commission’s Order on Review is demonstrated by the difference between the Capacity/Energy Structure rate in Table 3 and the Volumetric rate in Table 2. The combination of the SCCT adder and the capacity and energy payment structure increases the Fixed Solar price by \$34.52/MWh, from \$43.77/MWh to \$78.29/MWh, and increases the Tracking Solar price by \$24.54/MWh, from \$45.81/MWh to \$70.34/MWh on 20-year levelized basis. The harm to customers of this price difference over a 20-year term is approximately \$28.0 million for 25 MW of Fixed Solar and approximately \$31.2 million for 25 MW of Tracking Solar.<sup>7</sup> The negative impact to customers would be further exacerbated if the Company continued to use

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<sup>7</sup> Calculated as follows: 25 MW x 8,760 hours x 18.5% capacity factor x 20 years x \$34.52/MWh for Fixed Solar = \$28.0 million and 25 MW x 8,760 hours x 29.0% capacity factor x 20 years x \$24.54/MWh for Tracking Solar = \$31.2 million.

the methodology from the Order on Review to calculate Schedule 37 avoided costs in the future.

B. The Evidence Shows that the Company's Avoidance of Front Office Transactions or Wholesale Market Purchases During the Sufficiency Period Properly Reflects Avoided Capacity Costs and Provides the Full Capacity Value for Calculating the Full Schedule 37 Avoided Costs.

The value of capacity avoided in the constrained months during the sufficiency period is fully accounted for in the Company's avoidance of front office transactions or wholesale market purchases that reflect premiums during constrained periods. This is done through the GRID model methodology used in both Schedule 37 and Schedule 38. In the Order on Review, the Commission stated, with respect to removal of the SCCT capacity cost from Schedule 37:

Our decision to remove the SCCT capacity cost from the Schedule 37 avoided cost calculation method was based "at least in part, on our Schedule 38 Order that finds wholesale power purchased to meet capacity constraints already contains capacity value; therefore, adding the SCCT value to the wholesale market price is excessive." Upon further examination of the record, we find the two methods are meaningfully different with respect to the identification of capacity cost avoidance during the resource sufficient period. We recognize our decision on this issue in the Schedule 38 Order was specific to the PDDRR/Proxy method. (Order on Review at 13-14.)

The Commission's finding that the two methods are meaningfully different with respect to identifying capacity costs avoided during the resource sufficiency period is incorrect. Both methods defer wholesale market purchases which contain a capacity value that is higher during peak hours than off peak hours. Both methods rely on the Company's Integrated Resource Plan ("IRP") to determine the timing of the resource sufficiency period. And both methods should remain consistent with the IRP regarding the type of capacity costs that the Company will actually avoid during the sufficiency and deficiency periods.

Contrary to the Commission's statement in its Order on Review, the conceptual differences between Schedule 37 and Schedule 38 serve to reduce the avoided capacity costs under Schedule 38 as compared to Schedule 37. For example, the timing of the resource sufficiency period for

Schedule 38 is extended into the future beyond the IRP resource sufficiency period as potential QFs are added to the available resources. This is particularly significant with over 3,000 MW of executed and potential QFs in the current Schedule 38 pricing queue, whether they be recognized at the Commission's October Order capacity contribution values or the CF Method capacity contribution values. In contrast, Schedule 37 does not recognize any of the over 3,000 MW of executed and potential QF resources at any capacity contribution level; therefore, it retains the timing need for a natural gas combustion turbine facility as represented in the IRP, resulting in higher avoided capacity costs under the Schedule 37 approach. Further accelerating the capacity payment consistent with the Commission's Order on Review would only exacerbate this avoided capacity value disparity.

In the Order on Review the Commission also found:

PacifiCorp's proposed Schedule 37 method contains no alternative means for identifying the full capacity value contained in such avoided purchases. In fact, PacifiCorp's calculations yield identical peak and off-peak prices during the period of resource sufficiency, a first time result for Schedule 37 pricing. The record contains no discussion by PacifiCorp, the Division, or the Office that this result is reasonable, and our October Order recognized that further evaluation of peak and off-peak prices was appropriate.

While it remains our goal to produce logically consistent avoided cost pricing in Schedule 37 and Schedule 38, we recognize the record in this case presents no alternative means, aside from the fractional SCCT value, for calculating the full Schedule 37 avoided capacity cost during resource constrained months in the period of resource sufficiency. Thus, pending receipt of additional evidence in a future proceeding, we will maintain the SCCT cost component in Schedule 37 to account for the value of capacity avoided in the constrained months during years in which PacifiCorp is otherwise resource sufficient. We await the presentation of evidence in future Schedule 37 proceedings describing any alternative approach for valuing avoided capacity costs and peak and off-peak avoided costs during the period of resource sufficiency. (Order on Review at 14-15.)

In fact, the Company's proposal, as described in Mr. Duvall's direct testimony, was the alternative for identifying the full capacity value of the avoided purchases. As Mr. Duvall

explained:

Prior to the start of the deficiency period in 2027, the Company will not procure additional thermal capacity resources; rather, it will utilize FOTs, or wholesale market purchases, to meet its needs. Avoided cost prices during this period must be consistent with the Company's resource procurement plans to avoid burdening retail customers with QF costs that are higher than the costs actually avoided by the Company. Based on the Commission's order in the Renewable QF Docket, it does not make sense to include additional capacity payments during the sufficiency period for a QF under 3 MW when it is clearly not appropriate for a QF larger than 3 MW. (Duvall Dir. at 12.)

As described by Mr. Duvall, during the resource sufficiency period the Company is avoiding front office transactions, or wholesale market purchases, which are firm purchases and therefore reflect avoided capacity costs. The avoidance of firm purchases is readily identifiable in the GRID study results provided as Confidential Appendix 4 to the Company's May 2014 filing in this case. It makes no logical sense for the Company to pay avoided costs based on an SCCT that it is not actually avoiding, or for it to build SCCTs during the resource sufficiency period for QFs to avoid.

The Commission found on page 14 of its Order on Review that the Company's calculations yield identical on-peak and off-peak prices during the resource sufficiency period. However, the Commission also recognized the reason for this and addressed it directly in its October Order based on the evidence in the record for this case.

#### DISCUSSION, FINDINGS, AND CONCLUSIONS

We approve the five adjustments proposed by PacifiCorp and approve the Schedule 37 rates as filed. Our decision rests on the testimony and other evidence presented in this case by the Division and the Office, as well as PacifiCorp, that support PacifiCorp's proposed adjustments to the Schedule 37 method. Additionally, we recognize that the Schedule 37 method, while less precise than the Schedule 38 method, is intended to provide pricing that is simpler and easier for smaller QFs to access. We conclude the proposed adjustments will maintain appropriate simplicity, improve consistency between the methods and produce reasonable avoided cost calculations. In addition, they are consistent with the ratepayer indifference objective.

Among other things, this order approves PacifiCorp's proposal to eliminate the annual

fixed costs of a SCCT during the period of resource sufficiency. This action is based, at least in part, on our Schedule 38 Order that finds wholesale power purchased to meet capacity constraints already contains capacity value; therefore, adding the SCCT value to the wholesale market price is excessive.

We note, however, the peak and off-peak rates PacifiCorp proposes for Schedule 37 are equal during the resource sufficiency period (with the SCCT costs removed). In other words, the capacity value contained in the wholesale power purchase to meet peak hour constraints is averaged across all hours in the proposed rates. Because the Schedule 38 method uses the unique characteristics of the QF to calculate avoided costs, peak and off-peak energy rates during the resource sufficiency period will not be equal.

To examine the effects of this particular difference in the Schedule 37 and 38 methods, we direct PacifiCorp to file a potential adjustment to the Schedule 37 method that produces distinct peak and off-peak prices in the resource sufficiency period. PacifiCorp should make this filing by April 30, 2015, or its next Schedule 37 rate update, whichever is sooner. The avoided costs produced using this potential adjustment should be filed as an alternative to the avoided costs developed under the Schedule 37 method adopted in this order.

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### **ORDER**

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2. PacifiCorp shall file a possible adjustment to the method for Schedule 37 that produces distinct peak and off-peak rates in the resource sufficiency period, by April 30, 2015, or its next Schedule 37 rate update, whichever is sooner. (October Order at 18-20).

Based on the above paragraphs, the Commission clearly understood in its October Order that Schedule 37 avoided costs already includes capacity payments reflecting capacity premiums during peak periods that exceed off-peak periods; however, due to the averaging of these periods in Schedule 37, a facility generating in only peak hours would not receive the full representation of the capacity premium due to the averaging across all hours. The Commission correctly determined that to address this issue it required the Company to change the average rate to a distinct peak and off-peak rate during the resource sufficiency period. This is in contrast to the Order on Review, which contains statements contradicting the correct findings from the October

Order, without any basis for changing those findings. It appears that that Commission was persuaded in the Order on Review to change these finding based on erroneous arguments from the petitioners that were not based on the record.

The Company has produced these distinct peak and off-peak rates based on the same data and evidence in this record, and the impact of these changes on the 20-year levelized volumetric rates is shown below in Table 4.

**Table 4**

	<b>October Order Volumetric Rates</b>	<b>Shaped On- and Off- Peak Volumetric Rates</b>	<b>Difference</b>
Base Load	\$45.46	\$45.46	\$0.00
Wind	\$35.79	\$35.01	-\$0.78
Fixed Solar	\$43.77	\$46.03	\$2.27
Tracking Solar	\$45.81	\$48.07	\$2.27

As shown in Table 4, on a 20-year levelized basis differentiating the sufficiency period peak and off-peak prices results in annual prices for solar resources that are \$2.27/MWh higher than the volumetric rates approved in the October Order, reflecting the additional on peak capacity value on a levelized basis. On an annual basis, the differentiated on-peak prices are higher than the off-peak prices by between \$5/MWh and \$13/MWh during the summer months.

The method for converting average rates from GRID to peak and off-peak rates is to match the shape of on-peak and off-peak prices at Palo Verde. Indeed, the method to convert the average rate to distinct peak and off-peak rates is similar to the method used in Schedule 38, further supporting the PURPA requirement of ratepayer indifference. Table 10 of Appendix 1 to the Company’s May 7, 2014 filing in this case displays the annual on- and off-peak market prices at the Mid-Columbia and Palo Verde market hubs as used to calculate the sufficiency period avoided costs and demonstrates this difference between peak and off-peak prices that is incorporated in

developing Schedule 37 avoided cost rates. In addition, as described above, attached as Exhibit 1 to this Petition are tariff templates that reflect the full price impacts of the October Order, the Order on Review, and prices filed with this Petition that are in compliance with the Commission's directive in the October Order to differentiate on- and off-peak prices during the sufficiency period.

Implementing the avoided cost pricing contained in the Order on Review results in prices that, as demonstrated, dramatically exceed the Company's avoided costs included in the October Order and Schedule 38, in violation of PURPA's ratepayer indifference standard. The Company's proposed update consistent with the Commission's October Order, as discussed above, appropriately reflects the Company's avoided capacity and energy costs during peak periods and satisfies the PURPA ratepayer indifference standard.

## II. MOTION FOR EXPEDITED APPROVAL OF CF METHOD VALUES

### A. The Company's Capacity Contribution Values of 34.1 Percent for Fixed Solar and 39.1 Percent for Tracking Solar ("CF Method Values") Should Immediately Replace the Interim Values of 68 Percent and 84 Percent, Respectively ("Interim Values").

The Company is filing concurrently with this Request a Motion in Docket Nos. 12-035-100 and 14-035-140 for expedited approval of the capacity contribution values for fixed solar and tracking solar, in which the Company requests the Commission immediately replace the Interim Values of 68 percent and 84 percent, respectively. As more fully explained in the Motion, the Commission's ordered Interim Values were the result of a lack of alternatives and were intended to be temporary. The use of the Interim Values should be discontinued because they are based on an NREL study using *estimates* which we now know are *double* those produced using the CF Method considering LOLP and Company data. The Motion demonstrates that it is reasonable for the Commission to grant the request for expedited approval because (1) there is a substantial likelihood of approval of the CF Method Values pending review of the Company's Capacity Contribution Study in the Schedule 38 Compliance Filing and (2) not using the CF Method Values

will cause substantial harm to the Company’s retail customers. Table 5 below shows the difference in avoided costs pricing using the Interim Values relative to the CF Method Values:

**Table 5**

	<b>Interim Capacity Contribution</b>	<b>CF Method</b>	<b>Order on Review</b>	<b>Order on Review Using CF Method</b>
Fixed Solar	68.0%	34.1%	\$78.29	\$58.08
Tracking Solar	84.0%	39.1%	\$70.34	\$53.26

**III. MOTION FOR STAY**

Rocky Mountain Power respectfully submits that substantial financial harm to retail customers will occur as a result of the Commission’s Order on Review. As described in more detail above, retail customers will be harmed if the Company is forced to execute long-term contracts for the purchase of energy from QFs under Schedule 37 if the pricing resulting from the Order on Review is implemented. Prices paid pursuant to the Order on Review will be \$34.52/MWh higher for Fixed Solar and \$24.54/MWh higher for Tracking Solar compared to the rates approved in the October Order, resulting in payments that are unjust and unreasonable, and in violation of PURPA’s ratepayer indifference standard. Accordingly, the Company respectfully requests that the Commission immediately stay application of the Order on Review until this Petition is reviewed by the Commission.

**CONCLUSION**

For the foregoing reasons, the Commission should reconsider its Order on Review and should stay the Order on Review pending reconsideration and consideration of the Company’s separate Motion in Docket Nos. 12-035-100 and 14-035-140 for expedited approval of capacity contribution values.

DATED this 9<sup>th</sup> day of January, 2015.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "R. Jeff Richards". The signature is fluid and cursive, with the first name "R. Jeff" and the last name "Richards" clearly distinguishable.

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