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**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

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In the Matter of Rocky Mountain Power’s  
Revisions Electric Service Schedule No.  
37, Avoided Cost Purchases from  
Qualifying Facilities

In the Matter of Rocky Mountain Power’s  
Schedule No. 37, Avoided Cost  
Purchases From Qualifying Facilities

**Docket Nos. 14-035-T04, 14-035-55**

Utah Office of Consumer Services  
Comment in Support of Notice of Intent to  
Alter Order on Review and Order Staying  
Portion of Order on Review

Utah Office of Consumer Services (“Office”) respectfully files this Comment in support of the Commission’s January 16, 2015 notice of intent to eliminate the option for a QF to be paid a separate rate for its capacity and energy and to stay the portion of the December 30, 2014 Order allowing a capacity and energy payment option.

**A. The Company Provided Sufficient Evidence to Demonstrate that the Capacity and Energy Payment Option Produces Materially Different Payments in Violation of Ratepayer Indifference**

In its January 9<sup>th</sup> Petition the Company pointed out that in direct testimony Mr. Duvall had provided an analysis comparing the results of the capacity and energy payment option and volumetric pricing using Commission ordered interim capacity contribution values for the

intermittent resources. This analysis is summarized in Table 1 of Mr. Duvall's direct testimony (Page 16, Lines 351 – 352). It is clear from this table that there is a material difference in the amount paid to a QF depending on which method is employed. Specifically QF payments for fixed solar vary between \$54.39/MWh using the capacity and energy method and \$43.77 /MWh using volumetric pricing for a difference of \$10.62 /MWh. Likewise tracking solar yields \$51.51/Mh for the capacity and energy method and \$45.81/MWh using volumetric pricing for a difference of \$5.70/MWh between the two.

This difference in payment clearly demonstrates that the two methods yield materially different prices for an identically situated QF. There is ample evidence in the record to support the elimination of the capacity and energy option in order to maintain ratepayer indifference for such QF pricing.

**B. Rocky Mountain Power's January 9, 2015 filing was not premised on new evidence.**

Utah Clean Energy and SunEdison claim that the information from Table 1 of Mr. Duvall's testimony showing that the two methods are materially different when including the capacity contribution values for solar (68% for fixed and 84% for tracking) is new evidence and not in the record of this proceeding.<sup>1</sup> They argue that they could not infer that these \$/MWh prices include the effect of capacity contribution values. However, Mr. Duvall's direct testimony, referencing Table 1, on lines 348 - 350 clearly states:

*The table below compares the Company's **proposed rates** on a \$/MWh basis for various QF types under the capacity and energy payment structure versus a volumetric rate design.*

[emphasis added]

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<sup>1</sup> UCE and SunEdison LLC's Response in Opposition to Rocky Mountain Power's Petition for Reconsideration Review or Rehearing of the Commission's December 30, 2014 Order on Review and Motion to Stay or page 4 & page 8.

On Lines 29 to 45 of his direct testimony, Mr. Duvall summarized the specific changes included in the Company's proposed rates. He states "Avoided capacity costs should be adjusted for the capacity contribution of intermittent QF resources." It is clear that the proposed rates provided in Table 1 by Mr. Duvall would include the effect of the capacity contribution values which have been set by the Commission and currently are 68% and 84% for solar resources.

It is simply incorrect for any party to this Docket to claim that they could not have known whether the proposed rates in Duvall's Table 1 included "Capacity Contributions" for Wind, Fixed Solar and Solar Tracking. On August 1, 2014 in response to SunEdison and First Wind Data Request 1.3, the Company provided the work papers associated with Table 1 of Mr. Duvall's direct testimony.<sup>2</sup> These work papers for Table 1 were provided to several parties including the counsel for SunEdison and Utah Clean Energy.

The work papers are contained in an Excel spreadsheet. The spreadsheet provides discrete cost information for "Proposed Wind QF", "Proposed Solar Fixed QF" and "Proposed Solar Tracking QF". Each of those categories has a column headed "Capacity Price \$/kW-yr" and each heading is footnoted with the explanation stating that the price is "Adjusted by Capacity Contribution". The Capacity Contributions are listed as Wind 20.5%, Solar Fixed 68% and Solar Tracking 84%. It is unnecessary for Utah Clean Energy and SunEdison to "infer" that Mr. Duvall's Table 1 includes the effect of these capacity contribution values in the \$/MWh prices. The Company clearly identifies in its work papers that the Commission approved capacity contributions are used in the price calculations. Thus it is not true that the Company's January 9<sup>th</sup> filing contains new evidence concerning the calculations in Mr. Duvall's Table 1.

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<sup>2</sup> Attachment SunEdison and First Wind 1.3-2 2<sup>nd</sup> Supplemental.

## Conclusion

The Office supports the Commission's intent to alter the December Order and eliminate the option for a QF to be paid a separate rate for its capacity and energy.

DATED this 2<sup>nd</sup> day of February, 2015.

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## CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of February, 2015, a true and correct copy of the foregoing was delivered upon the following as indicated:

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