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BEFORE THE PUBLIC UTILITIES COMMISSION OF UTAH

In the Matter of Rocky Mountain Power’s Proposed)
Electric Service Schedule 32, Service from Renewable) Docket No. 14-035-T02
Energy Facilities)
)

**INTERWEST ENERGY ALLIANCE SURREBUTTAL COMMENTS
DECEMBER 2, 2014**

The Interwest Energy Alliance (“Interwest”) appreciates Rocky Mountain Power’s (“RMP’s”) proposed changes to the Schedule 32 tariff, but recommends further modifications to the tariff to reduce the overall costs to Schedule 32 customers. Specifically, Interwest supports several ideas presented by Kevin C. Higgins, testifying on behalf of the Utah Association of Energy Users Intervention Group (“UAE”), to convert the daily demand charge into an hourly demand charge.¹

A. Interwest appreciates RMP’s agreement to remove the “generation backup facilities charge” from the tariff and to move the associated costs recovered by this charge into a daily power charge.² This change increases the daily power charge by about seven cents per kW/day from the rate RMP had originally proposed in this docket.³ However, RMP acknowledges that participating customers who want to benefit from wind and solar facilities are unlikely to receive a significant

¹ See, generally, Direct Test. of Kevin C. Higgins, filed Sept. 9, 2014 (“Higgins Dir.”).

² Rebuttal Testimony of David L. Taylor for RMP, filed October 9, 2014, at pp. 9-10.

³ Taylor Rebuttal, at p. 9, lines 160-162.

reduction in their energy bills owed to the utility because of rate design issues: the mismatch between the daily generation profile and the “intermittent” nature of those generation resources. The utility billing demands are calculated using the 15-minute period of the customer’s greatest use during the billing period, or during the on-peak billing period, depending on the rate schedule.⁴

This result misses the statutory goals. As Mr. Higgins states,

“At the same time the Commission assigns participating customers their appropriate share of costs, the Commission should also be careful to ensure that the rate structure it adopts does not result in undue barriers to acquiring and delivering renewable energy to participating customers as intended by the legislature.”

Higgins Dir., at p. 6 of 23, lines 111-115.

B. Interwest recommends the Commission follow the recommendations of Mr. Higgins to make the demand charge even more granular – to reflect the extent to which the renewable resource provides capacity and energy within each day. Converting the demand charge to an “hourly on-peak shaping charge”, or an hourly demand charge, is a more appropriate recognition of the cost impacts of the customer on the overall system, recognizing the savings of capacity and energy provided by the renewable energy facility. This proposal acknowledges that renewables, especially wind and solar, are naturally variable rather than intermittent; renewables provide (increasingly) predictable contributions which vary throughout the day, rather than shutting on or off on a planned or unplanned schedule, as with baseload-style central power stations.⁵ As stated by Mr. Higgins, an hourly demand charge would allow a Schedule 32

⁴ Taylor Rebuttal, at p. 9, line 177 through p. 10, line 180.

⁵ Higgins Dir., at pp. 16-17. See also recommendations for improved forecasting at Section D, below.

customer to receive a pro rata credit for the renewable energy capacity the customer imports during the on-peak period. Id.

C. Mr. Higgin's recommendation should not unduly burden the utility or non-participants, because the participating customer will still pay the demand charges on an hour-by-hour basis to the extent their renewable energy contract does not cover their demand. This recognizes and compensates the utility for costs, including transmission and distribution, which are not otherwise recognized in the tariff. Mr. Higgins' proposal represents more granular analysis of the reliability benefits of renewables than does RMP's, consistent with good regulatory policy.

D. This approach is also consistent with least-cost integration practices and passing on the true costs and benefits of renewable energy integration to ratepayers. RMP should be required to accurately calculate and minimize its integration costs, and to increase its efficient use of the existing grid, prior to passing on these costs through a new tariff. To its credit, PacifiCorp has already joined the CAISO energy imbalance market, so it can recognize the cost savings from decreased reserve requirements which can soon be passed on to ratepayers, including Schedule 32 customers. The EIM includes opportunities for intra-hour scheduling and sub-hourly dispatch.⁶ Increased grid awareness and granularity in dispatch will improve grid efficiency and enable more accurate pricing signals. See "Meeting Renewable Energy Targets in the West at Least Cost: The Integration Challenge", June 10, 2012, Western Governors Association, <http://www.uwig.org/variable2012.pdf> (the "Least-Cost Integration Report"). RMP should also bolster its forecasting methods,⁷ increase flexibility in its remaining resources,⁸ expand its demand

⁶ See generally, PacifiCorp-ISO Imbalance Market Benefits, March 13, 2013, Energy+Environmental Economics, <http://www.caiso.com/Documents/PacifiCorp-ISOEnergyImbalanceMarketBenefits.pdf>.

⁷ Least-Cost Integration Report, at p. 42 et seq.

⁸ Least-Cost Integration Report, at p. 89 et seq.

response portfolio,⁹ and provide more geographic diversity in its renewable and non-renewable resources.¹⁰ These measures will decrease the costs to RMP, so more accurate costs and savings can be passed on to Schedule 32 customers. They will also benefit non-participants, affording them some of the cost-savings of a more efficient grid and generation portfolio.

E. In summary, Interwest continues to be concerned about the overall cost of the tariff, which may impede the voluntary direct acquisitions of renewable energy contemplated by the statute. In order to provide more accurate recognition of the benefits and recovery of the costs of the renewable energy facilities, Interwest recommends the revised tariff described in RMP's rebuttal testimony be further modified pursuant to the recommendations of Mr. Higgins for UAE, to replace the daily demand charge with hourly demand charges, to more likely afford Schedule 32 customers actual credit for the purchase of variable generation resources.

Respectfully submitted on this 2nd day of December, 2014,


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⁹ Least-Cost Integration Report, at p. 75 et seq.

¹⁰ Least-Cost Integration Report, at p. 54 et seq.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 2nd day of December, 2014, on the following:

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