

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain)	
Power’s Proposed Tariff Revisions)	Docket No. 17-035-T07
To Electric Service Schedule No. 37,)	
Avoided Cost Purchases from)	
Qualifying Facilities)	Docket No. 17-035-37
)	
In the Matter of Rocky Mountain)	Direct Testimony of
Power’s 2017 Avoided Cost Input)	Cheryl Murray for the
Changes Quarterly Compliance)	Office of Consumer Services
Filing)	

October 3, 2017

1 **Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?**

2 A. My name is Cheryl Murray. I am a utility analyst for the Office of Consumer
3 Services (Office). My business address is 160 East 300 South, Salt Lake
4 City, Utah.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to present the Office's position regarding
7 requested modifications to Rocky Mountain Power's (Company) tariffs for
8 avoided cost pricing for Qualifying Facilities (QF), specifically Schedule 38
9 and 37, as proposed in the August 17, 2017 direct testimony of Daniel J.
10 MacNeil.¹

11 **Q. PLEASE DESCRIBE GENERALLY THE UPDATES THE COMPANY
12 PROPOSES RELATED TO SCHEDULE 38 AND SCHEDULE 37.**

13 A. The Company states that in its June 21, 2017 Avoided Cost Input Changes
14 Quarterly Compliance Filing² for Schedule 38 it included four routine
15 updates and two non-routine updates.

16

17 The routine updates are associated with the 2017 IRP, including updates to
18 the sufficiency period/deficiency period, deferrable resources, and the
19 preferred portfolio.

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¹ On July 27, 2017 the Commission issued an order consolidating Docket Nos. 17-035-T07 and 17-035-37.

² 2017 Avoided Cost Input Changes – Quarterly Compliance Filing. Docket No. 17-035-37.

21 Non-routine updates relate to renewable energy credit (REC) ownership
22 and post-IRP resource expansion plan pricing.

23

24 Additionally, for Schedule 37 the Company proposes “...the adoption of the
25 same methodology implemented under Schedule 38³ to determine
26 published pricing for Schedule 37, Avoided Cost Purchases from Qualifying
27 Facilities, reiterating the Company’s proposal from Docket 17-035-
28 T07”. [Direct Testimony of Daniel J. MacNeil, page 2, lines 23-25, August
29 17, 2017.]

30

31 The Company also proposes to include Schedule 37 QFs in the queue for
32 purposes of determining avoided costs. At page 34, lines 716 – 718, Mr.
33 MacNeil states: “...Schedule 37 prices calculated without accounting for the
34 pricing queue would be overstated. The Company therefore proposes that
35 the Proxy/PDDRR calculation for Schedule 37 rates incorporate the
36 potential QF queue.

37 **Q. WHAT SPECIFIC ISSUES WILL YOU ADDRESS IN THIS TESTIMONY?**

38 A. I will provide the Office’s position regarding the issue of REC ownership. I
39 will also briefly comment on the proposal for including Schedule 37 QFs at
40 the end of the QF queue.

41 **Q. WHAT ABOUT OTHER CHANGES THE COMPANY HAS PROPOSED?**

³ Proxy/PDDRR method.

42 A. Although I will not address other components of the Company's proposal,
43 the absence of comment should not be taken as a sign of the Office's
44 support or disagreement with any issue I do not address. Following our
45 review of other parties' direct testimony in this docket the Office may
46 address additional issues in rebuttal testimony.

47

48 *Renewable Energy Credits*

49 **Q. WHAT IS THE COMPANY'S PROPOSAL REGARDING THE**
50 **OWNERSHIP OF RECS FROM QF RENEWABLE RESOURCES?**

51 A. In his direct testimony at page 22, lines 447-454 Mr. MacNeil states:

52 *"during the portion of a QF's contract in which it receives an avoided*
53 *capacity payment based on deferral of a like renewable resource, the*
54 *Company would own the RECs associated with that QF's output. Beyond*
55 *the capacity payment associated with the proxy resource being deferred,*
56 *no additional compensation would be paid for these RECs. During any*
57 *portion of a QF's term when its avoided capacity costs are not based on the*
58 *costs of a renewable resource, the QF will continue to be entitled to the*
59 *RECs associated with its output, as is currently the case today."*

60 **Q. HAS THE OFFICE TAKEN A POSITION REGARDING REC OWNERSHIP**
61 **IN PAST DOCKETS?**

62 A. Yes, the Office has previously advocated⁴ that because the Company, and
63 therefore ratepayers, are required by the Public Utility Regulatory Policies
64 Act (PURPA) to purchase the output of QFs that choose to sell to the
65 Company the RECs associated with those QF purchases rightfully should
66 go to the benefit of ratepayers.

67 **Q. HAS THE COMMISSION PREVIOUSLY RULED ON REC OWNERSHIP?**

68 A. Yes. In Docket No. 12-035-100 the Commission addressed this issue by
69 finding “RECs are retained by the OF unless the QF and purchasing utility
70 have agreed by negotiated contract to an alternate REC ownership
71 structure”⁵. However, the Office would respectfully ask the Commission to
72 reconsider that finding in light of the Company’s revised reasoning and
73 proposed treatment of RECs in the context of changed circumstances
74 presented in this case.

75 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY REVISED REASONING AND**
76 **CHANGED CIRCUMSTANCES.**

77 A. In the direct testimony of Daniel J. MacNeil page 22 at lines 447- 449 the
78 Company proposes that “*during the portion of a QF’s contract in which it*
79 *receives an avoided capacity payment based on deferral of a like renewable*
80 *resource, the Company would own the RECs associated with that QF’s*
81 *output.*” This position is revised from previous dockets in which the

⁴ See direct testimony of Bela Vastag, Docket No. 12-035-100, page 2, lines 24- 26. See also, surrebuttal testimony of Bela Vastag, Docket No. 12-035-100, pages 3 – 4, lines 47 – 90.

⁵ Docket No. 12-035-100 Commission Order on Phase II Issues, August 16, 2013, page 10.

82 Company advocated that it own all RECs associated with a QF's output for
83 the benefit of the ratepayers paying for that QF's output. Instead, the
84 Company now takes a more nuanced position explaining why it is
85 particularly appropriate that the Company (i.e. ratepayers) should own a
86 subset of the RECs.

87

88 In this docket the Company reasons that renewable resources in the
89 Integrated Resource Plan (IRP) preferred portfolio include RECs which
90 would accrue to ratepayers upon acquisition of that renewable resource.
91 Thus, in those instances when a QF defers a like renewable resource and
92 thereby the RECs that would otherwise be produced from that resource, the
93 Company should retain the QF generated RECs for the benefit of
94 customers.

95

96 The Office asserts that the Company's proposal is a reasonable way to
97 allocate REC ownership. Customers should not have to forego the benefits
98 of RECs they would obtain but for the Company's PURPA requirement to
99 purchase from QFs. Clearly only by allowing the Company to keep those
100 QF generated RECs for the benefit of customers can the Commission meet
101 the PURPA customer indifference standard in the instance when a
102 renewable resource, which would otherwise be producing RECs benefiting
103 customers has been deferred.

104 **Q. HAS THE OFFICE CHANGED ITS POSITION REGARDING REC**
105 **OWNERSHIP?**

106 A. The Office's position has not changed. PURPA requires that the Company
107 purchase electricity produced by QFs but PURPA additionally calls for
108 customers to be held indifferent to the QF purchase. It is the Office's
109 position that to maintain the customer indifference standard RECs resulting
110 from QFs that choose to sell their product to the Company should remain
111 with the Company for the benefit of customers. However, the Office also
112 supports, as a compromise position, the Company's proposal that QF
113 generated RECs should be retained by the Company for the benefit of its
114 customers when the QF defers a renewable resource that would otherwise
115 provide RECs to the Company

116

117 *Schedule 37 QF Placement in the QF Queue*

118 **Q. WHAT IS THE COMPANY'S PROPOSAL REGARDING TREATMENT OF**
119 **SCHEDULE 37 QFS AND THE QF QUEUE?**

120 A. The Company proposes that Schedule 37 QFs be placed at the end of the
121 QF queue for purposes of determining avoided cost pricing, based on the
122 rationale that without including Schedule 37 QFs in the queue the resultant
123 avoided costs would be higher than appropriate.

124 **Q. WHAT IS THE OFFICE'S POSITION REGARDING THIS PROPOSAL?**

125 A. The Office believes that including Schedule 37 QFs in the QF queue is
126 appropriate. However, placement at the end of the queue may be extreme

127 and would likely not produce the most reasonable results. The Office will
128 continue to review this issue as the record is further developed.

129 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

130 **A.** Yes, it does.