



SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Division Director

Redacted

Action Request Response

To: Public Service Commission of Utah
From: Utah Division of Public Utilities
Chris Parker, Director
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
David Williams, Utility Technical Consultant
Matthew Pernichele, Utility Analyst
Annette Orton, Utility Analyst
Date: July 25, 2023
Re: **Docket No. 17-035-40**, Rocky Mountain Power's New Wind and Transmission Report for Calendar Year 2022.

Recommendation (Approval)

The Division of Public Utilities (Division) has reviewed PacifiCorp dba Rocky Mountain Power's (RMP) New Wind and Transmission Report for Calendar Year 2022 (2022 Report) and recommends the Public Service Commission of Utah (Commission) approve the filing for compliance and recommends several minor changes to the report as outlined below.

Issue

This docket originated from RMP's Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of a Resource Decision to build new wind generation and supporting transmission (Combined Projects).¹ The Commission's June 22, 2018, Order² (Approval Order) and its Order on Reporting Requirements³ (Reporting Order) issued on October 22, 2018, required RMP to file a report on the

¹ The New Wind and Transmission Projects in this docket, coupled with wind repowering projects in Docket No. 17-035-39, were known as the Company's Energy Vision 2020 projects (EV 2020).

² Docket No. 17-035-40, Order, June 18, 2022.

³ Docket No. 17-035-40, Order on Reporting Requirements, October 22, 2018.

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741
www.dpu.utah.gov • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

Redacted

Combined Projects annually. The 2022 Report was filed on May 25, 2023. The Commission issued an Action Request to the Division to review the 2022 Report for compliance and make recommendations by June 23, 2023. At the Division's request, the Commission extended this deadline to July 25, 2023, and changed the deadline for reply comments to August 8, 2023. This memorandum represents the Division's response to the Action Request.

Background

In Section 3.e of the Approval Order,⁴ the Commission conditioned its approval for the Combined Projects on the Company filing an annual report with the following required information (Required Information):

- (i) final project costs for each specific project comprising the Wind Projects and the Transmission Projects.
- (ii) realized Production Tax Credits (PTC) benefits from the Combined Projects.
- (iii) realized energy benefits from the Combined Projects.
- (iv) transmission costs of the Transmission Projects that are offset by revenues derived from wholesale transmission customers.
- (v) payments for any damages, including liquidated damages, paid to the Company related to the Combined Projects.
- (vi) contribution to the 230 kV Network Upgrades' total cost from interconnection customers.
- (vii) annual revenue requirements associated with the Aeolus to Bridger/Anticline Line and the incremental transmission revenue resulting from the construction of the line.
- (viii) wind operations and maintenance costs associated with the Wind Projects that the Company owns.
- (ix) realized value of renewable energy credits (RECs) sold associated with the generation from the Wind Projects; and

⁴ Docket No. 17-035-40, Order, June 22, 2018.

Redacted

(x) other information the Company deems necessary or appropriate.

Through a separate process, that included a comment and reply period, the Commission approved the following template adding details to how the Required Information was to be completed⁵:

Table 1 Approved Reporting Requirements of the Combine Projects Docket No. 17-035-40				
Required Information	Start Date	Frequency	Duration	Confidentiality
(i) final project costs for each specific project	12 ME CY 2020, due 4/30/2021	annually	10 years	Confidential
(ii) realized PTC benefits	12 ME CY 2020, due 4/30/2021	annually	10 years	Non-confidential
(iii) realized energy benefits	12 ME CY 2020, due 4/30/2021	annually	10 years	Non-confidential
(iv) transmission costs of the Transmission Projects that are actually offset by revenues derived from wholesale transmission customers	12 ME CY 2020, due 4/30/2022	annually	10 years	Non-confidential
(v) payments for any damages, including liquidated damages	Included in annual reports, as applicable	annually	10 years	Confidential
(vi) contribution to the 230 kV Network Upgrades' total cost from interconnection customers	12 ME CY 2020, due 4/30/2022	annually	10 years	Non-confidential
(vii) annual revenue requirement associated with the Aeolus to Bridger/Anticline Line and the incremental transmission revenue resulting from the construction of the line	12 ME CY 2020, due 4/30/2022	annually	10 years	Non-confidential
(viii) wind operations and maintenance costs associated with the Wind Projects that PacifiCorp owns	12 ME CY 2020, due 4/30/2021	annually	10 years	Non-confidential
(ix) realized value of RECs sold	12 ME CY 2020, due 4/30/2021	annually	10 years	Confidential

⁵ Docket No. 17-035-40, Order on Reporting Requirements, October 22, 2018.

Redacted

RMP's 2021 filing of this report requested that its future due dates be changed from April 30th to May 25th so it could use numbers consistent with its FERC filing containing some of the same information, which is not finalized until May 15th of each year.⁶ The Commission's Order approving RMP's New Wind Transmission Report for the Calendar Year 2021 agreed to this change.⁷ The Division recommends that the Approved Reporting Requirements of the Combined Projects chart (Table 1, above) should be updated to reflect the new due date.

The Division has reviewed the 2022 Report to ensure that it complies with the Approval Order and Reporting Order in substance and structure. The Division checked the 2022 Report for typographical errors and checked individual numbers for consistency within the 2022 Report and, where possible, with other filings. The Division had a call with RMP on July 7, 2023, to get additional information and clarify discrepancies.

Discussion

The 2022 Report is an updated version of the same spreadsheet used for the 2020 and 2021 reports. It has tabs corresponding to each of the Reporting Requirements determined by the Commission. The 2022 Report contains the Required Information determined by the Commission except for requirement x, "Other information the Company deems necessary or appropriate" which, given its wording, is optional. The 2022 Report divides its subjects into five categories: three wind projects (Cedar Springs, Ekola Flats, and TB Flats I and II) and two transmission projects (230 kV Network Upgrades and the Aeolus to Bridger Line). The Division reviewed formats and formulas in each of the tabs for the 2021 filing of the report and advised the Commission that they met the Reporting Requirements. The Commission confirmed this in its Order approving the filing.⁸ The Division reviewed the 2022 Report and confirmed that its formats and formulas are the same as in the Commission-approved 2021 report.

The 2022 Report was filed labeled "CONFIDENTIAL", but the Commission-approved reporting template only specified that three elements of the Required Information were to be Confidential, items i, v, and ix.⁹ RMP's position is that there is too much interconnection between the confidential and non-confidential information in the report to securely segregate the information,

⁶ Docket No. 14-035-40, Application for Approval of a Significant Energy Resource Decision and Voluntary Request for Approval of Resource Decision, May 2, 2022.

⁷ Docket No. 14-035-40, Order, August 1, 2022.

⁸ Id.

⁹ Docket No. 17-035-40, Order on Reporting Requirements, October 22, 2018.

Redacted

and therefore the whole report should be confidential. The Division is neutral on the issue of making the whole report confidential but is pointing out this change to the Commission. If the Commission feels that making the entire report confidential is consistent with its earlier orders, the Division has no objection.

The Division reviewed and analyzed each of the included tabs and information from a call with RMP on July 7, 2023. The Division found only one calculation typo in the report on Tab i, cell C131. This was easily fixed and did not affect its analysis.

Here are the Division's findings on each Reporting Requirement.

i Final Project Costs

Tab i of the Report shows the total project costs for each of the five projects as of 12/31/2021 and 12/31/2022. The only difference in costs that occurred during 2022 are shown as a true up adjustment of [REDACTED]

[REDACTED] RMP's representatives have attributed this to [REDACTED]. RMP's representatives also stated that they don't expect the final project costs to change again and that these final amounts had been approved in RMP's most recent rate case. The Division recommends that the rate case approved totals be added to future versions of the Report as this is the relevant point of comparison.

ii PTC Benefits

Tab ii of the Report totals the actual Production Tax Credits earned from each of the three wind farms for 2021 and 2022, their projected totals, and variance, for both the total company and Utah's allocation. The credit was raised in 2022 from its previous \$.025/KWh to \$.026/KWh. The PTC still expires 10 years after the generation comes online.

The actual electricity produced and by extension, PTC credit collected by each of the wind projects was [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Redacted

[REDACTED].¹⁰
RMP originally projected capacity factors of [REDACTED] for each of the wind projects.¹¹ The Division found two main reasons for the variance between RMPs projections and reported actual production; 1) [REDACTED]

[REDACTED] and 2) the [REDACTED]

[REDACTED] The Company has agreed to use projections and actuals that are calculated consistently in future filings.

iii Energy benefits

Tab iii of the Report is RMP's calculation of the value of the electricity produced by each plant for each month of 2021 and 2022, separated into on-peak and off-peak prices. The economic benefit of the Combined Projects was calculated by multiplying the MWh generated by the monthly market price per MWh, minus the integration cost, which RMP calculated at [REDACTED]/MWh.

The Combined Projects provided [REDACTED]
[REDACTED]. Benefits, in this calculation, include the value of the electricity produced at the market rate at the time of production, plus the value of PTCs and transmission revenue, minus integration, operating and maintenance expenses. Initial investment is the final project cost from Tab i. At this rate of return the Combined Projects would have a payback period of [REDACTED]. This calculation does not assign any value to RECs because their future market value is uncertain and is discussed in greater detail in another docket.¹² The calculation also does not deduct operations and maintenance expenses for the wind farms themselves because that information is not included in the docket.

¹⁰ Office of Energy Efficiency & Renewable Energy, (2022) *Land Based Wind Market Report: 2022 Edition*, U.S. Department of Energy

¹¹ Docket No. 17-035-40, RMP Energy Vision 2020 Application - 06-30-2017 Exhibit 1 (Confidential)

¹² 23-035-15, Rocky Mountain Power's Application to Revise Tariff Schedule 98, Renewable Energy Credits Balancing Account.

Redacted

iv Transmission Costs

Tab iv of the Report calculates the net revenue for both transmission projects. This revenue includes wheeling revenue from others using the lines and the market value of RMP using them.

v Liquidated Damages

Tab v of the Report summarizes all payments for contractual nonperformance made to RMP in connection with any of the Combined Projects for 2020, 2021, and 2022. These funds are accounted for in FERC account 555, Purchased Power, where they offset the cost of electricity purchases and are thus returned to the ratepayers by lowering net power costs.

The Report shows only two liquidated damages entries in 2022: [REDACTED]

[REDACTED]
[REDACTED]

[REDACTED] This payment is also part of the reduced Total Project Costs discussed in Tab i.

vi 230 kV NU

Tab vi of the Report breaks down the costs of the network upgrades to serve the TB Flats and Cedar Springs projects. The total cost for these upgrades is [REDACTED] here in Tab vi cell G43 than it is for the same projects in Tab i cell E131. This appears to be because Tab i was using 2021 numbers for 2022 for these costs. The difference in these costs between 2021 and 2022 shown in Tab vi are for [REDACTED]. These appear to have not been updated in Tab i. Those are the only changes to these project costs made in 2022.

vii Rev Req Aeolus to Bridger Line

Tab vii of the Report calculates the annual revenue requirement and the wholesale wheeling revenue for the Aeolus to Bridger line. The Total Project Cost in Tab i of the report calculates the 2022 total cost of the line as [REDACTED] (cell E140). In Tab vii this is stated as [REDACTED] (cell N9). This is a [REDACTED]. 2022 wheeling revenues for the line were reported to be [REDACTED] in 2021. The Division was unable to verify these numbers against other filings because no other filing where they are broken out this way could be found.

Redacted

viii Wind O&M

Tab viii of the Report provides the total operations and maintenance costs for each wind project and its Utah allocation for 2021 and 2022. This complies with the Commissions Reporting Order after it accepted changes requested by RMP.¹³

ix RECs

Tab ix of the Report shows the number of RECs that RMP earned from the Combined Projects in 2022, the number sold, the number used for compliance, and the number held for future use. RMP confirmed that no RECs attributed to the Combined Projects were sold in 2022, unlike in 2021, and that they are being held to meet future compliance requirements. RMP also confirmed that RECs do not expire so there should be some future value to the large amount that they have accumulated. RMP's overall REC situation is discussed in more detail in Docket 23-035-15.¹⁴

Conclusion and Recommendations

The Division recommends that the Commission approve RMP's 2022 Report. The Report is in general compliance with the reporting requirements as laid out in the Approval Order and the Reporting Order. The Division also recommends several changes to improve future versions of the report:

- The Division recommends more thorough footnotes or similar narrative tools to explain and clarify important numbers and labels and provide some insight into how crucial numbers are calculated. The report would be easier for all readers to understand and require fewer questions of RMP if the meaning and origin of numbers were clearer to the reader.
- The Division recommends that the report's numbers should be consistently calculated throughout the document wherever possible. For example, Tab ii of the 2022 Report, compares projected PTCs that have been "grossed up" to account for taxes with actual PTCs whose value hasn't been adjusted for taxes, rendering the comparison less meaningful. The company is aware of this example.

¹³ Docket No. 17-035-40, Order on Reporting Requirements, October 22, 2018.

¹⁴ 23-035-15, Rocky Mountain Power's Application to Revise Tariff Schedule 98, Renewable Energy Credits Balancing Account.

Redacted

- The Division recommends that the Commission update the reporting requirements to explicitly include the report's new due date to avoid potential confusion.
- The Division recommends that the Commission consider reviewing what parts of the report should be deemed confidential and what parts should not be and clarifying this in the reporting requirements.

cc: Jana Saba, Rocky Mountain Power
Michele Beck, Office of Consumer Services