BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power to Establish Export Credits for Customer Generated Electricity	Docket No. 17-035-61 DPU EXHIBIT 2.0 Direct Phase II

Direct Testimony of

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Division of Public Utilities

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INTRODUCTION

Q. Please state your name, business address, and employment for the record.

A. My name is Dr. Abdinasir M. Abdulle. My business address is Heber Wells Building, 160 E. 300 South, Salt Lake City, Utah 84114. I am employed by the Utah Division of Public Utilities (Division or DPU), Utah Department of Commerce, as a Utility Technical Consultant.

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Division.

Q. Would you summarize your education background for the record?

A. I have a Ph.D. in Economics from Utah State University. I have been employed by the Division for about 19 years.

SCOPE OF TESTIMONY

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide the Division's analysis, findings, and recommendation, to the Commission regarding the avoided cost method and assumptions that Rocky Mountain Power (RMP) uses to determine its Schedule 137 export credit rates for customer generated electricity.

DIVISION ANALYSIS AND RECOMMENDATION

Q. How did RMP calculate the value of the export credit?

A. To calculate the export credit for generation in excess of the customer's load, RMP proposed the use of the same method used to calculate the avoided costs for Schedule 37. This method is the Proxy/Partial Displacement Differential Revenue Requirement (PDDRR). The PDDRR method uses PacifiCorp's Generation and Regulation Initiative Decision Tool (GRID) to calculate the avoided energy cost. The value of the generation is calculated by comparing two GRID forecasts of system costs; one with the customer generation and one without. The reduction in cost to operate the system with the generation as compared to operating without represents the value to the system of the generation.

The customer generation is modeled by adding hypothetical generation representing customer solar generation output to the grid that has been scaled up in size to represent the class. A Utah export shape for the 12 months ending September 2019, which represents the export profile for an average customer across that time frame, is incorporated into the GRID model and re-dispatched to see what the associated avoided energy costs are. Customers are not committing to sell defined amounts of energy to the utility and there is no obligation for the customer to deliver, therefore the export energy is considered as non-firm, and no future capacity resources would be deferred. The calculated avoided energy cost is then given an hourly value using the results of Energy Imbalance Market (EIM) operations.

Q. What inputs did RMP used in the PDDRR method?

A. Rocky Mountain Power used the inputs contained in its most recent avoided cost input changes compliance filing filed on January 10, 2020, in Docket No. 19-035-18.[1] Furthermore, RMP updated the GRID model to reflect market prices from the December 31, 2019 Official Forward Price Curve, and changes to executed contracts.

Q. What other elements are included in the calculation of the export credit?

A. Two more elements are included in the calculation of the export credit. First, RMP proposes to adjust the avoided energy costs for line losses. Customers under this program take service at the secondary level. Private generation customers export energy back to the grid across the secondary grid to other customers. RMP proposes to include in export credit rates avoided line losses for transmission and primary levels. This is a reasonable line loss calculation because energy from other generation resources would experience line losses at the transmission, primary, and secondary levels. Private generation customer exports must still transfer across the secondary circuits and will experience line losses in the secondary circuits. Therefore, the appropriate adjustment for line losses is for the transmission and primary levels. These estimated line losses are further distinguished by on-peak/off-peak periods.

The second element is the solar integration cost. Rocky Mountain Power proposes, and the Division does not oppose, to use the solar integration cost ($0.15 / MWh) identified in the 2019 IRP.

Q. What is the Division's position regarding the avoided cost method, inputs, and assumptions?

[1] Rocky Mountain Power's 2019 Avoided Cost Input Changes Quarterly Compliance Filing. Docket No. 19-035-18.

A. The Division concurs with RMP that the same method used in the calculation of the avoided costs for Schedule 37, with some modifications, should be used to determine the value of the export credit. However, Rocky Mountain Power used the inputs contained in its most recent avoided cost input changes compliance filing filed on January 10, 2020 in Docket No. 19-035-18.[2] This compliance filing is still pending, and the current inputs have not been approved by the Commission. The Division anticipates that the Commission will issue its decision regarding that compliance filing on or around June 2020. The Division plans to review those inputs before it provides its final recommendation on the appropriateness of the inputs for the export credit rate.

Q. What is the Division's position on RMP's proposal regarding updating its export credit rates?

A. Rocky Mountain Power proposes that, like Schedule 37, the export credit rates be updated annually on April 30th with a July 1st effective date. This will allow the rate to always reflect the most recent information available. Therefore, the Division does not oppose this proposal.

Q. Does this conclude your direct testimony?

A. Yes.

[2] *Id.*