



State of Utah
Department of Commerce
Division of Public Utilities

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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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Re: Docket No. 17-035-61 Phase Two, Application of Rocky Mountain Power to Establish Export Credits for Customer Generated Electricity, Division of Public Utilities response to Utah Clean Energy's Data Request Set 3.

3.1 Regarding the Direct Testimony of Mr. Robert A. Davis, Illustration 18, line 509, which represents average locational marginal pricing for CAISO nodes:

- (a) Did the Division consider all 20 nodes depicted when determining that this information is evidence that "RMP's proposed rates are aligned with the market," as stated on lines 511-512?
- (b) Does the Division believe that all 20 nodes are equally useful representations of marking pricing for the purpose of determining whether RMP's proposed rates are aligned with the market?

- (c) If the answer to question 3.1(a) is no, on which nodes did the Division base its conclusion that RMP’s proposed prices are aligned with the market, and why?
- (d) The node labeled “CAISO Power 118THSO_LNODER1” appears to correspond with a red bar on the chart that is also the only bar with a range that extends to \$0/kWh. Please confirm that this is the correct label for this red bar.
- (e) Does the Division believe that CAISO Power 118THSO_LNODER1 is a reasonable approximation for market prices that RMP can access? Why, or why not?

DPU Response to UCE Data Request 3.1

- (a) Refer to the Division’s response to UCE Data Request 2.2.1 and DPU Exhibit 1.2 (already provided to UCE in DPU Set 2), 17-035-61_DPU Exhibit 1.2_Davis Dir_PH II_S&P Global Market Pricing_3-3-20, Tab Data, which consists of 184 nodes. The chart (S&P Global) in Mr. Davis’s Direct Testimony combines all 184 nodes for the months of February 2019 through February of 2020.
- (b) The 184 nodes charted in Mr. Davis’s Direct Testimony shown in Illustration 18 is a fair representation of CAISO Hour Ahead pricing for a twelve-month period. A quick glance at the chart of the 184 Nodes illustrates an average price of between \$25 and \$50 per MWh with a one-month maximum average of just under \$75 per MWh.
- (c) Illustration 18 is based on data and charted for the 184 nodes listed in the Data Tab. It is a third party representation of average grid market pricing over the selected time period.
- (d) The red bar in question is not associated with this node. Data for CAISO Power 118THSO_LNODER1, is:

<i>Date</i>	<i>CAISO Power 118THSO_LNODER1 Hour Ahead LMP - Monthly Average (Price/Value)</i>
2/1/2019	63.62
3/1/2019	39.24
4/1/2019	35.55
5/1/2019	16.88
6/1/2019	25.22
7/1/2019	29.67
8/1/2019	50.53
9/1/2019	34.54
10/1/2019	26.03
11/1/2019	34.92
12/1/2019	32.07
1/1/2020	22.40
2/1/2020	20.45

The Division assumes the “Red” vertical bar represents Nodes 177 through 184, which for some unknown reason, have N/A for (Price/Value). The Division assumes these nodes are the origin of the vertical red bar on the chart.

- (e) It is unclear to the Division what UCE means by “a reasonable approximation for market prices that RMP can access?” There are a wide variety of market prices for energy that include points of delivery or sale and various time horizons for example. See the response to 3.1(d) concerning CAISO Power 118THSO_LNODER1. The Division does not claim that a single node, on its own, is an indicator of a reasonable average market price, nor does the Division claim that CAISO nodal prices reflect typical spot market values throughout RMP’s system.

3.2 Regarding the rebuttal Testimony of Mr. Robert A. Davis, filed July 15, 2020:

3.2.1 On lines 230 – 231, Mr. Davis states that “Further, using a simple pay-back method, Navigant estimates a ten-year payback for residential, commercial, and industrial installations.” The footnote references page 2 of the 2019-2038 Private Generation Long-Term Resource Assessment completed by Navigant. Footnote 47 cites the same statistic, but references page 10. Please provide the specific quote(s) or citation(s) from the referenced Assessment in which Navigant estimates a ten-year payback for residential, commercial, and industrial installations.

3.2.2 On lines 364 – 367, Mr. Davis states that “The uptake of roof-top solar is attributable to customer’s current economic sentiment, ability to purchase the system or make payments, adequate roof space facing in a desirable direction, a desire to offset energy use, or simply a desire to obtain energy from a renewable resource to name a few (buyer behavior).” Please describe what the Division means by “current economic sentiment.”

3.2.3 On lines 370 – 371, Mr. Davis states that “It is plausible that roof-top solar in Utah has reached maturity.” Please explain the analysis or data on which the Division’s supposition that Utah’s solar market has reached maturity is based.

DPU Response to UCE Data Request 3.2.1

A: Footnote 26 of Mr. Davis’s Rebuttal references Figure 6 at page 10 of the Navigant report cited in Footnote 24. Footnote 47 also references page 10 of the Navigant report cited in Footnote 24.

DPU Response to UCE Data Request 3.2.2

A: For clarity, Mr. Davis should have placed a colon after sentiment and i.e., and then listed *ability to purchase the system or make payments, adequate roof space facing in a desirable*

direction, a desire to offset energy use, or simply a desire to obtain energy from a renewable resource to name a few (buyer behavior). Other topics to support economic sentiment are the opportunity cost of purchasing a solar system or use of the monies for something else, government policy, etc., basically the consumer's propensity to expend.

DPU Response to UCE Data Request 3.2.3

A: The Division has no analysis or data in which it relies on to explain the decline in customer generation solar installs in Utah. The Division notes that customers can take service under Schedule 136 until December 31, 2020 and grandfathered until December 31, 2032 if they remain on that schedule. Therefore, Mr. Davis makes the point in his rebuttal that a plausible explanation for the decline might be from other market forces rather than simply attributing the decline to RMP's export credit rate proposal. Typically, in a product lifecycle, the product reaches maturity and sales level or start to decline. Mr. Davis suggested that this may be a plausible explanation.¹

Cc: Hunter Holman, UCE
Kate Bowman, UCE
Service List

¹ Kotler, P. (2003). Marketing Management-Eleventh Edition. Prentice Hall-Pearson Education. Upper Saddle River, New Jersey. Chapter 11. Page 342. There are four stage in a product life cycle ("PLC"): Emergence, Growth, Maturity, and Decline. Maturity is sometimes difficult to identify. Kotler explains "*Eventually, the competitors cover and serve all the major market segments and the market enters into the maturity stage. In fact, they go further and invade each other's segments, reducing everyone's profits in the process. As market growth slows down, the market splits into finer segments and high market fragmentation occurs. Market fragmentation is often followed by market consolidation caused by the emergence of a new attribute that has strong appeal. The fragmentation is brought about by competition, and the consolidation is brought about by innovation.*"