

June 8, 2021

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: Docket No. 17-035-61
Rocky Mountain Power's Second Annual Sustainable Transportation
and Energy Plan Act ("STEP") Program Status Report
Comments on Annual ECR Update

In accordance with the Notice of Comment Period ("Notice") issued by the Public Service Commission of Utah ("Commission") on April 28, 2021, Rocky Mountain Power (the "Company") submits the following comments regarding the potential timing, procedure and scope of annual updates to the Company's Net Billing Service – Schedule No. 137 ("Schedule 137").

Background

After an extensive procedural history spanning three years, the Public Service Commission of Utah ("Commission") issued an Order on October 30, 2020 ("October Order") and an Order on Agency Rehearing on April 28, 2021 ("Rehearing Order") which, together, established the Net Billing program on Schedule 137. Under the new Net Billing Program the Commission determined that the export credit rate ("ECR") would be reviewed and updated annually. The Company appreciates the opportunity to file comments in this phase of the proceeding on recommendations for the process and scope for the annual ECR updates.

Procedure and Timing

The Company believes that the annual update process for the ECR should be kept efficient by incorporating routine updates to inputs in the calculation methodology that are based on updated historical data. Furthermore, the annual update process should avoid relitigating issues each year that have recently been decided. Parties have the opportunity to propose a more extensive process if material circumstances arise, but that process should not otherwise delay or forestall the annual update based on routine inputs. The Company recommends a procedural structure for the annual rate change that is similar to that used for PacifiCorp's Schedule 37. Specifically, the Company proposes the timing of the filing facilitate an annual update to the ECR effective on January 1 of each year. On or around October 15 of each year, the Company would make a filing that incorporates the most recent available information into the export credit methodology adopted by the Commission. The Company anticipates that this timing will allow for historical data for the twelve months ending in June to be incorporated in the October annual update filing.

Scope

This section provides details on the specific inputs the Company proposes to update in the annual update filing, based on the methodology adopted by the Commission. Additional details on the various elements are provided below.

Input	Element(s)	Update Frequency
Export Profile	Energy / Capacity Contribution / Export Volume	Annual
EIM Prices	Energy	Annual
Line Losses	Energy / Capacity	Most recent GRC
Integration Cost	Integration	Most recent IRP
Hourly Utah Load	Capacity Contribution	Annual
Generation Capital Cost	Generation Capacity	Future Export Credit Proceeding
Generation Carrying Charge		
Generation Fixed O&M		
OATT Transmission Rate	Transmission Capacity	Annual
Distribution Capital Cost	Distribution Capacity	Future Export Credit Proceeding
Distribution Carrying Charge		

The **Export Profile** will reflect an average value from all customers enrolled in Schedule 136.¹ To control for changes in customer count, export volumes will be reported as an average for the customers participating on each calendar day of the historical period, divided by the average installed customer generation capacity, again as of that day. This produces weighted-average exports for a single typical customer.

Energy Imbalance Market (“EIM”) Prices will reflect 15-minute PacifiCorp East EIM Load Aggregation Point values reported by the California Independent System Operation (“CAISO”).

Line Losses for energy, generation capacity, and transmission capacity costs are calculated from generation input to the line transformer segment. For distribution capacity, line losses are calculated as the ratio of grossed up demand up to the line transformer segment to grossed up demand on the transmission system. Line loss values will be consistent with the line loss study used to develop the rates approved by the Commission in the Company’s most recent general rate case.

Integration Costs reflect values identified for solar resources in the Company’s most recently filed Integrated Resource Plan.

Capacity Contribution is calculated from two inputs, the customer generation export profile and hours in the top 10% of Utah load for the same historical period. The Commission adopted the same method for generation, transmission, and distribution.

¹ The Company does not install metering that can capture interval data for Schedule 137 customers.

Generation capacity cost is calculated from six inputs and the Company does not propose updating the cost-based values routinely as part of the annual filing:

1. Generation capital cost,
2. Generation carrying charge,
3. Generation fixed operations and maintenance (O&M) cost,
4. Avoided line losses (cumulative losses from generation to the line transformer segment),
5. Generation capacity contribution, and
6. Export volume per kilowatt (kW) of installed capacity.

Export volume per kW of installed capacity is calculated by dividing average annual export volumes by the average installed customer generation capacity, and would reflect the same export profile used to determine avoided energy costs and capacity contribution.

Transmission capacity cost is calculated from four inputs, all of which would be updated as part of the annual filing:

1. Open Access Transmission Tariff (OATT) rate,
2. Avoided line losses (cumulative losses from generation to the line transformer segment),
3. Transmission capacity contribution, and
4. Export volume per kW of installed capacity.

The **OATT transmission rate** is updated annually, in accordance with a Federal Energy Regulatory Commission approved formula, and the Company proposes using the projected rate effective on June 1st of each year in its annual filing.

Distribution capacity cost is calculated from five inputs and the Company does not propose updating the cost-based values routinely as part of the annual filing:

1. Distribution capital cost,
2. Distribution carrying charge,
3. Avoided line losses (the ratio of grossed up demand up to the line transformer segment to grossed up demand on the transmission system),
4. Distribution capacity contribution, and
5. Export volume per kW of installed capacity.

The Company recommends that substantive changes to the export credit methodology or inputs be adjudicated outside of the annual update process. A future proceeding could be initiated by a Commission directive, an Application by the Company, or a Request for Agency Action by another party. To the extent that the changes to the export credit methodology are adopted by the Commission, whether as part of a general rate case or other proceeding, the Company would incorporate those changes in the next annual update, or as directed by the Commission.

Public Service Commission of Utah

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Sincerely,

A handwritten signature in blue ink that reads "Joelle Steward". The signature is written in a cursive style with a large initial "J".

Joelle Steward

Vice President, Regulation

CC: Service List - Docket No. 17-035-61

CERTIFICATE OF SERVICE

I hereby certify that on June 8, 2021, a true and correct copy of Rocky Mountain Power's **Comments on Annual ECR Update** in Docket No. 17-035-61 was served by email on the following Parties:

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