



JUNE 8, 2021

Via Email

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Re: Docket No. 17-035-61: In the Matter of Rocky Mountain Power’s Application to Establish Export Credits for Customer Generated Electricity

1. Introduction

On October 30, 2020, the Utah Public Service Commission (“PSC”) issued an order (“October Order”) creating and implementing Schedule 137, the Export Credit Rate (“ECR.”) The PSC’s October Order specified components of the ECR and determined that the ECR shall be updated annually. A subsequent Order, issued April 28, 2021 (“April Order”), addressed two ECR issues for which the PSC granted reconsideration and rehearing: the capacity contribution value and carrying charges. In the April 2021 Order the PSC also invited comments on the potential timing, procedure, and scope of annual updates to the ECR by June 8, 2021 and reply comments by June 29. Utah Clean Energy provides the following comments and recommendations to support the creation of a straightforward and transparent annual ECR update process.

2. Procedure for ECR Update

We recommend that the annual ECR update consist of an initial filing from Rocky Mountain Power (“RMP”) that includes an updated ECR value and underlying data and workpapers necessary to calculate the ECR according to the PSC-approved methodology.

Following this initial filing, we recommend that parties have an opportunity to review the filing and provide two rounds of comments. We also recommend that the annual update include a process by which parties may petition for a separate proceeding through which they may introduce evidence demonstrating a quantifiable incremental cost or benefit that should be incorporated into the ECR.

The majority of the data needed to calculate the ECR is obtainable only from, or most easily by, RMP, so we anticipate that RMP will initiate the ECR update process with an initial filing. We recommend that the filing contain, at minimum, an updated ECR, current values for each of the ECR components, and workpapers or reports providing the underlying information and data used to calculate each ECR component. The components and underlying data that we understand to be the basis of the ECR, according to the PSC's October 2020 and April 2021 Orders, are outlined in Figure 1 below.

Following the initial filing, we propose the PSC issue a notice inviting two rounds of comments from interested parties, in which parties may respond with questions or recommendations regarding the ECR update filing. Following the comment period, we propose that the PSC either approve RMP's filing and the updated ECR or direct RMP to make corrections to the filing, if necessary. This proposed process will result in a transparent and streamlined ECR update, especially in future years once stakeholders have had the opportunity to provide feedback on the presentation and detail of the specific information contained in the first ECR filing.

3. Timing of ECR Update

The PSC issued an order determining the ECR on October 30, 2020. Our assumption is

that the annual update to the ECR will be completed in time for the new rate to go into effect one year from this date, on October 30, 2021. However, there is no explicit reason for the ECR to be updated on October 30 each year apart from the tie to the original implementation date. UCE provides the following recommendations for the timing of the ECR update based on our understanding of when data needed to calculate the ECR will become available, however we are open to suggestions from other parties regarding the appropriate timing for the filing, comment periods, and effective date for the updated ECR.

The ECR update should take place late enough in the year that it is possible to gather the necessary data from the prior calendar year and develop the rate. In response to DPU Data Request 9.1, RMP states that EIM prices and customer export data requires 60 – 100 calendar days to finalize and that open access transmission (OATT) tariff rates are filed annually in May.¹ Many of the ECR component calculations are based on information that is available through RMP's IRP. IRP updates are typically filed every two years in March, but we anticipate that the 2021 IRP will be filed on September 1. As a result, we recommend that the 2021 ECR update initial filing take place on or after September 1. The ECR update should also provide stakeholders with a reasonable amount of time to review the initial ECR filing and provide comments before the rate is approved and goes into effect. We recommend three to four weeks between the initial filing and the due date for the first round of comments, and two additional weeks before the second round of comments are due. For 2021, this could result in an initial

¹ Exhibit A, RMP Response to DPU Data Request 9, May 27, 2021.

comment deadline of September 29 and a reply comment deadline of October 13.

4. Scope of ECR Update

We recommend the annual ECR filing include a straightforward and transparent re-calculation of the already approved ECR components using updated source data. Recognizing that conditions will change over time, we also suggest a process by which parties may introduce new categories of costs or benefits for PSC consideration. Last, in order to facilitate compliance with 2018 S.B. 157, Residential Solar Energy Amendments, we recommend that the annual update include a historical record of past ECRs. In the initial years, when no historical record exists, we recommend including historical information about the ECR components.

- a. Changes to approved ECR components should be limited to re-calculations based on current year data.

The PSC approved an ECR including 11 components, each of which is calculated or derived from underlying source data or reports. Figure 1 outlines each component based on UCE's understanding of the approved ECR rate as described in the PSC's October 30, 2020, and April 28, 2021, Orders. We propose that the annual ECR update filing include, at a minimum, current-year values for each component identified in Figure 1 in addition to the underlying source data and reports used to calculate the component.

Figure 1: Export Credit Rate Components

Component	2020 Value²	Unit	Description
Avoided generation capital cost	\$641.58	\$ per kW	Capital cost of next planned resource addition from most recent finalized IRP
Carrying Charge	0.0782		Carrying charge from most recent Utah Marginal Cost Study
Avoided generation O&M cost	\$34	\$ per kW-year	Fixed O&M cost of next planned resource addition from most recent finalized IRP
Generation, Transmission, & Distribution Capacity Contribution	0.2199		Determined using Capacity Factor Method for top 10% of load hours ³
Generation & Transmission Line Loss Factor	1.0908		Cumulative demand line loss expansion factor at line transformer
Solar Exports	896.27	kWh per kW	Sum of annual exports for all solar customers (MWh AC) divided by total solar nameplate capacity (MW AC)
Avoided transmission cost	\$32.74	\$ per kWh-year	PacifiCorp's current FERC-approved firm transmission rate from OATT
Avoided distribution cost	\$122.73	\$ per kW	Determined based on distribution deferral value used by RMP in 2019 IRP DSM bundling methodology.
Distribution carrying charge	0.0791	per kW	Carrying charge from most recent Utah Marginal Cost Study
Distribution line loss factor	1.0462		Cumulative demand loss expansion factor at line transformers divided by demand loss expansion factor of the transmission system
Energy	2.439 (summer)	cents per kWh	Average monthly EIM prices, adjusted to remove adders for GHG costs and transmission congestion and with a line losses adjustment to account for secondary line losses
	2.109 (winter)	cents per kWh	

² Energy values are from the Public Service Commission's October 30, 2020 Order, Docket 17-035-61 Page 1. All other components are from the PSC's April 28, 2021 Order, Docket 17-035-61, Footnotes 24, 25, & 26.

³ Described in Docket No. 17-035-61, Revised Affirmative Testimony of Michael Milligan, May 8 2020, lines 486 – 495.

The PSC states that the decision to update the ECR annually is intended to ensure that the ECR value reflects current data and market conditions.⁴ Many ECR components can be re-calculated with updated data each year, but some components are not based on historical data or data that will be updated annually and so may remain static in certain years. Figure 2 identifies the source data or report used to calculate the 2020 ECR, the data vintage that we anticipate will be used to calculate the 2021 ECR, and the frequency with which we anticipate each component will be updated.

Figure 2: ECR Component Source, Vintage, and Frequency of Update

Component	2020 ECR Data Source & Vintage	2021 Anticipated Vintage	Frequency of Update
Avoided generation capital cost	2019 Integrated Resource Plan	2021 Integrated Resource Plan	2 years, based on most recent finalized IRP
Carrying Charge	Marginal Cost Study filed with 2020 General Rate Case	Marginal Cost Study filed with 2020 General Rate Case	Unknown ⁵
Avoided generation O&M cost	2019 Integrated Resource Plan	2021 Integrated Resource Plan	2 years, based on most recent finalized IRP
Generation, Transmission, & Distribution Capacity Contribution	<ul style="list-style-type: none"> • 2019 hourly exports for all solar customers • 2019 hourly Utah peak load 	<ul style="list-style-type: none"> • 2020 hourly exports for all solar customers • 2020 hourly Utah peak load 	Annual

⁴ Docket 17-035-61, Order, October 30, 2020, page 8.

⁵ In response to DPU Data Request 9.2 (Exhibit A), RMP states that “Rocky Mountain Power’s (RMP) Utah cost of service (COS) model is an embedded COS model. The Company therefore does not typically update a marginal COS study for Utah at any regular frequency. The Company prepared a marginal COS study in its recently completed general rate case (GRC), Docket No. 20-035-04, only because it was required to per the terms of a stipulation in the prior GRC, Docket No. 13-035-184.”

Generation & Transmission Line Loss Factor	2009 Analysis of System Losses	2020 Analysis of System Losses	Unknown ⁶
Solar Exports	<ul style="list-style-type: none"> • 2019 solar customer hourly exports • 2019 total solar customer nameplate capacity 	<ul style="list-style-type: none"> • 2020 solar customer hourly exports • 2020 total solar customer nameplate capacity 	Annual
Avoided transmission cost	2019 OATT Projected Network Integration Transmission Service Rate	2020 OATT Projected Network Integration Transmission Service Rate	Annual
Avoided distribution cost	<ul style="list-style-type: none"> • Cost & incremental capacity of planned distribution capacity additions, 2019 – 2024 • Utilization weighting for Utah 	<ul style="list-style-type: none"> • Cost & incremental capacity of planned distribution capacity additions, 2021 – 2026 • Utilization weighting for Utah 	2 years, based on most recent finalized IRP
Distribution carrying charge	Marginal Cost Study filed with 2020 General Rate Case	Marginal Cost Study filed with 2020 General Rate Case	Unknown ⁵
Distribution line loss factor	2009 Analysis of System Losses	2020 Analysis of System Losses	Unknown ⁶
Energy	<ul style="list-style-type: none"> • Oct. 2018 – Sep. 2019 hourly EIM prices • Solar customer export profile • Utility scale solar integration cost from flexible reserve study • 2009 Analysis of System Losses 	<ul style="list-style-type: none"> • 2020 hourly EIM prices • Solar customer export profile • Utility scale solar integration cost from flexible reserve study • 2020 Analysis of System Losses 	<ul style="list-style-type: none"> • Annual • Annual • 2 years, based on most recent finalized IRP • Unknown⁶

⁶ In response to DPU Data Request 9.3 (Exhibit A), RMP states that “The most recent line loss study was completed in spring 2020 and was based upon data from calendar year 2018... Going forward, the Company anticipates that it will prepare a line loss study about every five years.”

- b. Parties should be permitted to file evidence of quantified new costs or benefits that should be incorporated into the ECR concurrent with RMP's initial filing.

The PSC's October 30, 2021, Order opined that some categories of costs and benefits that are not currently incorporated as components to the ECR "may impact RMP's cost of service in the future...For example, if a carbon cost is imposed on RMP in the future, then the ECR can be adjusted to reflect the extent to which CG avoids that cost. If the costs of a current or future environmental regulation can be shown to be avoided by CG, then the ECR can be adjusted to reflect that avoided cost."⁷ In Utah Clean Energy's direct testimony, we recommended addressing this situation by creating placeholders with a zero value for certain categories of costs and benefits that may be incorporated into the ECR in the future.⁸ The Office of Consumer Services did not support our proposal to include placeholder values, but did agree that the ECR update should specify "how to address and support new benefits or costs for inclusion in the rate."⁹

The ECR update should not become a forum for re-litigating already approved elements of the ECR. The PSC's approved ECR is based on extensive testimony and evidence. It is evident from the record that considerable disagreement remains among parties regarding the inclusion and calculation of many components of the ECR. Nonetheless, the PSC evaluated all costs and benefits introduced by all parties and approved an ECR. As we understand it, the

⁷ 17-035-61, Order, October 30 2020, Page 19.

⁸ 17-035-61, Utah Clean Energy rebuttal testimony of Ms. Bowman, July 15 2020, lines 687 – 689.

⁹ 17-035-61, Office of Consumer Services Surrebuttal Testimony of Michele Beck, September 15 2020, lines 116 – 117.

rationale behind the PSC's approval of annual updates is to ensure that the value of the ECR reflects actual market conditions as they change over time. Changes to the calculations of the ECR components themselves will introduce regulatory uncertainty and erode public trust in the ECR update process.

Although we do not support consideration of changes to the approved ECR components in the annual filing, the PSC's October Order does contemplate that certain categories of cost and benefit may be appropriate to incorporate into the ECR in the future as market conditions change. To account for this reality, we propose that parties be permitted to petition the PSC to request consideration of new, quantified costs or benefits that should be incorporated into the ECR at the same time as RMP's initial filing. Other parties may then respond to the proposing party in comments and reply comments. If the PSC determines that it is appropriate to consider incorporating the new cost or benefit, the PSC could initiate an investigation specifically to address consideration of that cost or benefit.

- c. The ECR update should include a historical record of past ECR components until a historical record of the ECR itself is available.

Last, we recommend that the ECR update include a historical record of past ECRs and ECR components sufficient to satisfy the requirements of S.B. 157. The Residential Solar Energy Amendments Bill (S.B. 157), passed in 2018, requires solar installers to provide a written disclosure containing specific content to potential solar customers and provides for enforcement

if disclosure requirements are violated.¹⁰ The required disclosure contents include “any material assumptions used to calculate estimated projected savings and the source of those assumptions.”¹¹ Three variables are used to calculate estimated projected savings from solar: the retail cost of electricity purchased by the customer, the ECR value, and the percent of solar generation that is exported versus consumed onsite. While the future cost of retail electricity is fundamentally unknowable, solar installers or customers can predict future rates based on existing utility forecasts or a historical record of changes to rates over time that is available on the PSC’s website.¹² Solar installers can also use customer averages or modeling tools to estimate the ratio of generation that will be exported versus consumed onsite. Solar customers with monitoring will be able to determine and monitor their own specific ratio of exports to generation. However, no information about changes to the ECR value over time is currently available, and solar installers and customers have neither the depth of knowledge of the ECR calculation nor the historical data necessary to forecast its future value. To provide solar installers with a basis for meeting their disclosure requirements, and to provide sound information that can inform a potential solar customer’s own evaluation of solar, we recommend that ECR updates include a published record of past ECR values under Schedule 137. Over the next few years, while historical ECR values under Schedule 137 do not exist or are limited, we

¹⁰ 2018 S.B. 157, Residential Solar Energy Amendments, <https://le.utah.gov/~2018/bills/static/SB0157.html>

¹¹ 2018 S.B. 157, lines 162 – 163.

¹² “PacifiCorp Rate Changes 1992-2020; Average Residential Customer Using 700kWh/Month.” <https://pscdocs.utah.gov/electric/RateChanges/HstryElecRates-June1,2020.pdf>.

also recommend that the ECR filing include 10 years of historical data for each of the ECR components. For example, the 2021 filing would include actual Utah system hourly load for 2020 in addition to a historical record of Utah system hourly load for 2010 – 2019. While this recommendation does not provide installers or customers with certainty about future values of the ECR, it will help them to understand the historical drivers of the ECR in order to estimate the potential magnitude of future changes during the first few years of the ECR. The disclosure language mandated by S.B. 157 recognizes that all savings estimates for solar are based on utility rates that may change and that, given the uncertainty about future rates, the PSC is the best source of sound information for customers. Specifically, S.B. 157 requires that all estimates of projected savings for customers must be captioned with the following statement:

*"THIS IS AN ESTIMATE. UTILITY RATES MAY GO UP OR DOWN AND ACTUAL SAVINGS, IF ANY, MAY VARY. HISTORICAL DATA ARE NOT NECESSARILY REPRESENTATIVE OF FUTURE RESULTS. FOR FURTHER INFORMATION REGARDING RATES, CONTACT YOUR LOCAL UTILITY OR THE STATE PUBLIC SERVICE COMMISSION."*¹³

Our recommendation to provide historic values for the ECR and ECR components will ensure solar installers can meet disclosure requirements by providing data on which to base savings estimates required by S.B. 157. More importantly, although future rates are unknown and unknowable, for both solar and non-solar rates alike, access to information from a trusted source like the PSC is important to provide customers with a reasonable basis for understanding how

¹³ S.B. 157, lines 179 – 183.

rates may change over time.

5. Summary of Recommendations

Utah Clean Energy recommends that the annual ECR update:

- Consist of an initial filing from Rocky Mountain Power (“RMP”) that includes an updated ECR value and underlying data and workpapers necessary to calculate each ECR component;
- Begin on or after September 1 in 2021;
- Provide interested parties with 3 – 4 weeks to review the filing and provide initial comments and at least two weeks to provide reply comments;
- Include a straightforward and transparent re-calculation of the ECR components using updated source data;
- Include a process by which parties may petition for consideration of a quantifiable cost or benefit that is not currently a component of the ECR through a separate PSC investigation;
- Include a historical record of past ECRs under Schedule 137; and
- In the initial years, when no historical record exists, include historical information about each ECR component for the prior 10 years.

Sincerely,



Kate Bowman
Renewable Energy Program Manager

CERTIFICATE OF SERVICE
Docket No. 17-035-61

I hereby certify that a true and correct copy of the foregoing was served by email this 8th day of June 2021, on the following:

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