

June 29, 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
Reply 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 reply comments in response to the comments filed by the Division of Public Utilities ("Division"), the Office of Consumer Services ("Office") and Utah Clean Energy ("UCE") regarding the potential timing, procedure and scope of annual updates to the Company's Net Billing Service - Schedule No. 137 ("Schedule 137").

The Company, Division, Office and UCE all agree on many aspects of the timing, procedure, and scope of the annual filings to update the Energy Credit Rate ("ECR") paid to Schedule 137 customers ("ECR Update"). Importantly, the Company notes that each of the parties that filed comments state that the annual filings should not constitute a relitigation of issues, and recommend that the Commission establish a process by which a party could petition to change the components and/or methodology of the ECR calculation. The Company continues to advocate for the timing, procedure and scope of the annual ECR Update as described in its comments, and has not changed its proposal based on comments from the Division, Office and UCE. The Company addresses the areas in which any party's proposal deviated from the Company's.

Procedure and Timing

The Company proposes to file on or around October 15 of each year, which will include the workpapers used to calculate the ECR as well as the input files for the updated data as requested by the Division and UCE, respectively. UCE recommends slightly different timing for the ECR Updates to begin on September 1 for an effective date of October 30 of each year to align with the Commission's October 30, 2020 order establishing Schedule 137. This timing does not allow sufficient time for the Company to gather inputs of actual data ending June 30 of each year and the Company requests the annual filing date be October 15. Also, UCE recommends a comment period with two rounds of comments

provided for each filing. As pointed out by the Company, Division and Office, the ECR Updates will be tariff filings, which may fall under the umbrella of the Commission's Rule R746-405-2-E. Instead of requiring the Commission to establish a possibly unnecessary comment period for ECR Updates, the Company prefers the process outlined by the Division that provides a pre-determined number of days (for example, 15 days) in which any party can file comments to raise an objection and ask for additional process. This process streamlines the ECR Updates in years where there is no challenge to the updates but is flexible enough to allow for additional process, such as comment periods, if requested.

Scope

The Company is generally aligned with most of the recommendations made by DPU. For example, the Company agrees that a change to the pricing node used in the historical energy valuation would require additional process and opportunity for review beyond that proposed for the annual filing.¹ DPU also proposed that additional process and opportunity for review would be necessary to modify carrying charges. This is consistent with the Company's proposal that none of inputs to the capacity cost calculation (capital cost, carrying charge, fixed operations and maintenance costs) would be updated in the annual filing. In addition to being complex, these generation capacity cost assumptions are inter-related and a piecemeal approach to updates may not result in a balance consistent with that ordered by the Commission.

DPU also recommends that capacity contribution values not be updated annually, suggesting that values be updated at least every three years or earlier based on market trends or the IRP. The Company would note that the approved capacity contribution methodology is based on the customer generation export profile in the top 10% of Utah load hours. This is a transparent and mechanical calculation based on historical data, and is far simpler than the production cost models used in the IRP. Given the Commission already rejected the use of significantly lower forecasted capacity contribution values based on IRP modeling, it is not apparent what level of evidence from the IRP could indicate a need for an update. Rather than leave open to debate the nuances of recent capacity contribution trends, it is reasonable to update capacity contribution annually based on the approved methodology. Should the Company or another party wish to bring additional evidence to the Commission suggesting a change in the methodology, it would be appropriate to allow for additional process and opportunity for review beyond that proposed for the annual filing.

OCS recommends that integration costs identified in an IRP should require specific approval by the Commission, and not just acknowledgment of the overall IRP filing. The Company would note that it recommended use of the integration costs identified in the most recently *filed* IRP, whether or not the process for Commission review of that IRP is complete. Information from filed IRPs are used for the purpose of establishing a number of inputs in qualifying facility avoided costs without waiting for Commission review, including capacity costs, preferred resource selection available for deferral, and capacity

¹ Energy values are currently based on 15-minute PacifiCorp East EIM Load Aggregation Point prices.

contribution. Waiting for Commission review would result in a lag that would cause integration costs to frequently be outdated. To the extent parties wish to bring additional evidence to the Commission suggesting a change in integration costs from what is identified in the most recently filed IRP, that would certainly be appropriate for Commission review outside of the annual filing, but the Company recommends that the annual filing include the most recently filed integration cost data. The Company would also note that, between IRP filings, integration costs may change from one year to the next based on the stream of annual integration cost values identified.

The Company is generally aligned with some of the recommendations made by UCE. For example, the Company also recommends updating energy values based on historical exports and EIM prices, capacity contribution based on historical exports and load, and transmission costs based on the current FERC-approved firm transmission rate in the Company's Open Access Transmission Tariff.

UCE also recommends that generation and distribution capacity costs be updated annually if new IRP filings or marginal cost of service studies are available. This is contrary to the Company's proposal that none of inputs to generation or distribution capacity costs be updated in the annual filing. These assumptions are drawn from disparate sources and a piecemeal approach to updates may not result in a balance consistent with that ordered by the Commission. It is also not a simple process to identify generation capacity costs from the IRP, particularly in light of the Commission's decision to apply those costs starting in the first year of the study horizon, rather than the year identified in the IRP preferred portfolio. Furthermore, the next planned resource addition in the most recent IRP will provide energy and dispatch benefits that reduce the revenue requirement it would impose on ratepayers. For example, once the capital and fixed operation and maintenance costs of a solar and storage resource are paid for, that resource will provide zero cost energy, displacing alternative energy sources. The approved capacity costs do not account for this effect. As a result, a comprehensive review that is beyond the reasonable scope of the annual filing would be necessary to update generation and distribution capacity costs.

Also, UCE recommends using placeholders for possible future components of the ECR. The Company believes this is premature and unnecessary. The Company recommends only currently approved elements of the ECR should be included. Adding into the ECR Updates specific placeholders presupposes that those elements would be deemed relevant to the calculation and added by the Commission before a full evidentiary proceeding occurs. The Company, the Division, the Office and UCE each state in comments that a party can request a separate proceeding to review a new component if needed. Until that occurs and is approved by the Commission for inclusion in the ECR, it should not be placed into the ECR Update, even as a "placeholder."

Finally, UCE requests that the Commission require the Company to provide with its ECR Update filings a ten year historical record of past ECRs and/or ECR components sufficient to help solar installers satisfy their requirement under the Residential Solar Energy Amendments Bill ("S.B. 157"). UCE states that this information would be used by solar installers to help potential solar customers "predict future rates based on existing utility

forecasts or a historical record of changes.”² UCE claims that providing historical data will help solar installers and potential solar customers understand the historic drives of the ECR in order to estimate the potential magnitude of future changes. The Commission should reject this recommendation.

First, it is unnecessary given that the historical export credit rate will be available to solar providers through the Commission website. Solar providers will already have the available information they need to satisfy the Residential Solar Energy Amendments Bill (S.B. 157), and in any event the Company is not required by the legislation to calculate hypothetical historical averages for solar companies to provide to their customers.

Second, the additional information UCE requests would be administratively burdensome to provide because it is extensive and some of it is confidential. For instance, UCE requests “actual Utah system hourly load” data for 2010-2019. This information is extensive and is not required by S.B. 157. Even if it could be provided publicly, it would be difficult to use such information to calculate anything useful and likely would very likely lead to confusion and misuse.

Finally, requiring the Company to be the data source for information that solar providers give to their customers is potentially confusing to customers, who may give greater weight to information that they see as coming directly from the Company. What UCE suggests would result in a world where a solar installer could provide a written estimate of projected savings for the purposes of selling a solar system to a customer and cite the Company or the Commission as the source for that data. This could mislead a customer into believing that the Company and/or the Commission performed this artificial historic ECR calculation and is supportive of how the data is being used. The Company has already seen customer complaints from consumers deceived by solar providers, and UCE’s request that the Company provide additional data would only exacerbate the situation.

Summary

The Company appreciates the opportunity to provide input into the ECR Update process. The Company proposes the Commission adopt the Company’s proposal as outlined in its comments in this matter.

Sincerely,



Joelle Steward
Vice President, Regulation

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

² Utah Clean Energy Comments, p. 10.

CERTIFICATE OF SERVICE

I hereby certify that on June 29, 2021, a true and correct copy of Rocky Mountain Power's **Reply Comments on Annual ECR Update** in Docket No. 17-035-61 was served by email on the following Parties:

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