**JUNE 29, 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 and carrying charges. The PSC's April Order finalized the ECR components and invited comments on the potential timing, procedure, and scope of annual updates to the ECR. In accordance with the PSC's invitation, Utah Clean Energy ("UCE") provides the following reply comments in response to comments filed by Rocky Mountain Power ("RMP"), the Division of Public Utilities ("the Division"), and the Office of Consumer Services ("the Office") on June 8, 2021.

UCE agrees with much of the other parties' comments and is supportive of a straightforward and transparent annual ECR update process that avoids re-litigation of the ECR. We continue to recommend that the annual ECR update process include an initial filing by RMP and the opportunity for parties to file two rounds of comments; that the PSC specify a process for

parties to propose consideration of new quantifiable costs or benefits through a separate proceeding; and that the filing include a historical record of past Schedule 137 ECR values. We additionally recommend that the initial filing take place on October 15 and the new ECR become effective on January 1 of the following year; that the ECR be based on historical data from the previous 12 months ending June 30; that changes to the tariff approved outside of the annual update should become effective at the next annual update; and that at least one Workgroup is scheduled to further discuss the export profile and other issues related to the format and content of the ECR update filing as necessary.

**2. Procedure for ECR Update**

There is considerable agreement among the comments filed by RMP, the Division, and the Office regarding the procedure for the ECR update. All parties describe a process focused on a straightforward and efficient update of historical data used to calculate the ECR that begins with a filing by RMP containing the relevant data, ECR calculation, and workpapers. This is aligned with UCE's process recommendations in our initial comments.

The Division and the Office reference Utah Administrative Code 746-405-2, which governs the approval of filed tariff sheets and states that, unless the PSC adopts a different schedule, new tariff sheets will go into effect 30 days after filing and that parties may challenge the tariff sheet within 15 days of filing. The Office states that routine updates should be reviewed and implemented within 30 to 60 days.[1] Although 746-405-2 outlines a process through which parties can challenge any tariff filing generally, UCE continues to recommend that the PSC

[1] Docket 17-035-61, OCS Comments on Export Credit annual update structure, June 8 2021. Page 2.

invite two rounds of comments from interested parties. The ECR is a new tariff and this will be the first time it is updated. It is more efficient to provide parties with a straightforward process through which to request additional information or comment on the format of the filing rather than require parties to challenge the filing over small issues. For example, the comments filed June 2 and June 17 in Docket No. 17-035-40 regarding RMP's annual New Wind and Transmission Report demonstrate how comments can be used to request information and find common ground on the type of information that should be included in ongoing filings. We recommend allowing at least three weeks for the first round of comments and two weeks for the second round of comments, which will allow for review and implementation of the tariff within 60 days as recommended by the Office.

UCE also agrees with RMP, the Office, and the Division that non-routine or substantive changes to the ECR methodology should be addressed through a separate proceeding outside of the annual update process. RMP states that this proceeding could be initiated by Commission directive, an Application by the Company, or a Request for Agency Action by another party.[2] We agree with the Office's recommendation that the PSC "provide clear guidance on how parties can propose updates outside of the annual process."[3] We also agree with the Division's recommendation that changes to the tariff approved by the PSC outside of the annual update process should become effective at the next annual review, rather than through a mid-year revision to the ECR.[4]

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[2] Docket 17-035-61, RMP's Comments on Annual ECR Update, June 8 2021. Page 3.
[3] Docket 17-035-61, OCS Comments on Export Credit annual update structure, June 8, 2021. Page 2.
[4] Docket 17-035-61, DPU Comments, June 8, 2021, Page 6.

Last, the Division states that they are "amenable to a limited number of Workgroup sessions for the remainder of this year" to allow parties to collaborate to ensure a smooth process for the Schedule 137 review.[5] We agree that it is helpful for parties to have collaborative discussions about the type of information included in the filing and its format, and these discussions can also help RMP avoid unnecessary work including information that parties do not find useful. For example, RMP has hosted informal meetings to solicit feedback on the scope and format of Blue Sky and Subscriber Solar annual reports, and we have found these meetings to be useful. We also recommend that the issue of the export profile, described in additional detail below, be addressed through a workgroup meeting in the hopes that parties can find consensus.

**3. Timing of ECR Update**

RMP and the Division recommend that the ECR update filing take place on or around October 15 in order to facilitate an annual update that is effective on January 1 of each year, and that the filing is based on historical data for the 12 months ending in June.[6] UCE originally proposed a different start date for the ECR Update filing, but we support the timeline proposed by RMP and the Division.

**4. Scope of ECR Update**

RMP's initial comments identify 11 inputs that are used to calculate each element of the ECR. UCE generally agrees that RMP's comments include the correct inputs for the PSC-approved ECR. The Division recommends that RMP's filing include a functional version of the

[5] Docket 17-035-61, DPU Comments, June 8, 2021, Page 6.
[6] Docket 17-035-61, DPU Comments, June 8, 2021. Page 3.
Docket 17-035-61, RMP's Comments on Annual ECR Update, June 8, 2021. Page 1.

then currently approved models used to determine the ECR and data set used for the annual calculations, and we agree that providing these tools is necessary to facilitate a timely and efficient review. Our reply comments specifically address revisions to our initial comments based on additional information we have received or questions that remain about the ECR filing.

*a. Export Profile*

The solar customer export profile is used to calculate three elements of the ECR: the capacity contribution, the export volume per kW of installed capacity, and the energy value. The ECR components approved by the PSC were calculated using two different export profiles. The PSC's October Order approved an energy value provided in RMP's surrebuttal testimony, which relies on use of historical EIM prices and an export profile "derived from the census of Schedule 136 customers."[7] The October Order also approves a capacity contribution and export volume per kW of installed capacity as presented by Vote Solar.[8] These ECR components rely on use of the export profile produced by Vote Solar's witness Dr. Lee, derived from solar export data from all solar customers.

In their initial comments, RMP proposes to use a weighted-average export profile derived from Schedule 136 customers.[9] Although this approach may be reasonable, RMP has not provided enough information for us to fully understand its implications. We recommend that this

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[7] Docket 17-035-61, PSC Order, October 30, 2020. Page 9: "With annual updates to the ECR, we find that the general method that was originally proposed by Vivint, with the modifications to that method presented on surrebuttal by RMP, is the most reasonable."

[8] Docket 17-035-61, PSC Order, October 30, 2020. Page 15 "We approve the capacity contribution value proposed by VS." Docket 17-035-61, PSC Order, April 28, 2021. Page 12, Footnotes 24 – 26 identify a value of 896.27 kWh per kW.

[9] Docket 17-035-61, RMP's Comments on Annual ECR Update, June 8, 2021. Page 2.

issue be addressed in a Workgroup during which parties can ask additional questions of RMP to fully understand their proposal.

Utah Clean Energy has several questions about RMP's proposed export profile. First, RMP's comments do not explain whether their proposed weighted-average export profile is the same methodology used to calculate their energy values from surrebuttal, or a different methodology. Second, RMP also does not explain why a change to the export profile is justified, except that their approach is intended to "control for changes in customer count."[10] However, Schedule 136 closed to new customers in October 2020, and so the number of customers on this rate schedule will not change materially. Third, it is our understanding that the ECR components are calculated using an hourly export profile, and RMP describes an export profile that relies on a daily average. We do not understand how RMP proposes to use the daily average to derive ECR elements that require use of an hourly export profile. Finally, RMP proposes to base the export profile on Schedule 136 customers, rather than a complete survey of exports from all customers. This approach may be reasonable given that Schedule 137 customers will not have a meter capable of capturing hourly exports, but it does differ from the methodology used to calculate the capacity contribution and export volume per kW of installed capacity. We recommend that RMP present information about their proposed export profile at a Workgroup where parties may ask questions to better understand the approach. We hope that this will result in use of an export profile that parties agree is reasonable, technologically feasible, and simple and straightforward enough to ensure an efficient review.

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[10] Docket 17-035-61, RMP's Comments on Annual ECR Update, June 8, 2021. Page 2.

*b. Energy Imbalance Market ("EIM") Prices*

UCE's initial comments proposed using EIM prices from October through September. Based on RMP's proposed timeline, the ECR update would instead include EIM prices from July 1 to June 30 of the following year.

*c. Line Losses*

As RMP states in their initial comments, the PSC approved a line loss value for generation and transmission losses and a separate line loss value for distribution losses. UCE recommends that the ECR Update include calculations for the distribution losses so that parties can understand how it was derived. UCE's initial comments assumed that line losses would be updated when new line loss studies become available, but RMP recommends updating the line loss value concurrent with General Rate Cases and we do not oppose this recommendation.

*d. Capacity Contribution*

The Division recommends that the capacity contribution value not be updated until deemed necessary, or for at least three years.[11] The capacity contribution is calculated based on hourly solar exports, hourly Utah load, and total solar nameplate capacity. As discussed above, RMP does not intend to replicate Dr. Lee's analysis used to create the hourly solar customer export profile that is the basis for the approved capacity contribution, and instead plans to rely on actual Schedule 136 customer exports. Schedule 136 is closed to new customers and so the characteristics of the solar installations in this rate schedule (including location, tilt, capacity,

[11] Docket 17-035-61, DPU Comments, June 8, 2021, Page 5.

etc.) will remain static from year to year. For this reason, we agree that it is reasonable to avoid updating the capacity contribution each year if it is not deemed necessary.

*e. Generation and Distribution Capacity Costs*

The calculation of generation capacity costs is determined using RMP's generation capital costs and generation fixed operations and maintenance costs. The calculation of distribution capacity costs is determined using RMP's distribution capital costs. RMP states in its initial comments that they do not propose to update the cost-based values routinely as part of the annual filing.[12] In UCE's initial comments, we assumed that these elements would be updated on a two year cycle, concurrent with the Integrated Resource Plan, however it may not be necessary to do so. The purpose of our recommendation is to ensure that when these cost-based elements are updated, they are based on information that is publicly available to parties through a filing before the PSC to avoid unnecessary additional work and to facilitate simple and transparent review. It may be helpful to use a Workgroup to further discuss when and how these cost-based values should be updated.

Figure 1 summarizes UCE's final recommendations related to the ECR components and data needs.

[12] Docket 17-035-61, RMP's Comments on Annual ECR Update, June 8, 2021. Page 3.

**Figure 1: UCE's Updated Export Credit Rate Recommendations**

| Component | Description | Frequency of Update | Changes from UCE Initial Recommendations |
|---|---|---|---|
| Avoided generation capital cost | Capital cost of next planned resource addition | As relevant | Updated as relevant, based on information from IRP or other public filing before PSC. |
| Carrying Charge | Carrying charge from most recent Utah Marginal Cost Study | As relevant | |
| Avoided generation O&M cost | Fixed O&M cost of next planned resource addition | As relevant | Updated as relevant, based on information from IRP or other public filing before PSC. |
| Generation, Transmission, & Distribution Capacity Contribution | Determined using Capacity Factor Method for top 10% of load hours, using:<br>• Hourly solar exports<br>• Hourly Utah load<br>• Solar nameplate capacity | Annual or as relevant | More information needed to understand RMP's proposed weighted-average solar export profile. |
| Generation & Transmission Line Loss Factor | Cumulative demand line loss expansion factor at line transformer | Following GRC | Do not oppose updates concurrent with most recent GRC. |
| Solar Exports Volume per kW of Installed Capacity | Determined using:<br>• Solar customer hourly exports<br>• Solar customer nameplate capacity | Annual | More information needed to understand RMP's proposed weighted-average solar export profile. |
| Avoided transmission cost | PacifiCorp's current FERC-approved firm transmission rate from OATT | Annual | |
| Avoided distribution cost | Determined based on distribution deferral value method based on:<br>• Cost & incremental capacity of planned distribution capacity additions<br>• Utilization weighting for Utah | As relevant | Updated as relevant, based on information from IRP or other public filing before PSC. |
| Distribution carrying charge | Carrying charge from most recent Utah Marginal Cost Study | As relevant | |
| Distribution line loss factor | Cumulative demand loss expansion factor at line transformers divided by demand loss expansion factor of the transmission system | Following GRC | Do not oppose updates concurrent with most recent GRC. Recommend including calculation for distribution line losses in filing. |
| Energy | Average monthly EIM prices, remove adders for GHG costs and transmission congestion, add secondary line losses adjustment.<br>• 12 months of hourly EIM prices.<br>• Solar customer hourly exports<br>• Utility scale solar integration cost from flexible reserve study<br>• Line losses from most recent GRC | Annual | Based on EIM prices from June 30 – July 1. More information needed to understand RMP's proposed weighted-average solar export profile. |

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

Although not addressed by other parties in their initial comments, we continue to recommend that the ECR update include a historical record of past ECRs and ECR components to provide solar installers with a basis for meeting disclosure requirements and to provide information that can inform a potential solar customer's own evaluation of solar.

6. **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 with a filing on October 15 in order to facilitate an annual update that is effective on January 1 of each year;
- Include data from the previous 12 months ending June 30;
- Provide interested parties with at least three weeks to review the filing and provide initial comments and at least two weeks to provide reply comments;
- 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;
- Incorporate changes to the tariff approved outside of the annual update at the next annual review, rather than through a mid-year revision to the ECR;
- 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.

We additionally support the Division's recommendation to schedule at least one Workgroup to further discuss issues related to the format and content of the ECR, including the issue of the appropriate export profile.

Sincerely,

Kate Bowman

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 29th day of June 2021, on the following:

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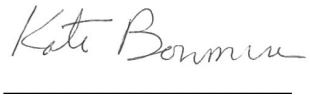

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