



DEPARTMENT OF SUSTAINABILITY

Comments

To: Public Service Commission of Utah
From: Salt Lake City Corporation
Christopher Thomas, Sr. Energy and Climate Program Manager
Date: June 25, 2020
Re: Docket No. 19-035-18: Rocky Mountain Power's 2019 Avoided Cost Input Changes
Quarterly Compliance Filing: 2019 Q3 and Q4 Avoided Cost Input Changes

Background

Salt Lake City Corporation (SLC Corp) intervened in this docket because the avoided cost methodology under discussion is increasingly being used as the foundation for other types of renewable resource valuations, including:

- Onsite solar customer generation,
- Subscriber solar, and
- Schedule 34 customer choice projects

SLC Corp has made substantial use of these three avenues as it strives to source at least 50% of its energy needs from renewable resources; namely:

- Nearly 2 MW of onsite solar PV installed at 15 facilities,
- Almost 7.2 million kilowatt-hours of Subscriber Solar enrollment, and
- A large Schedule 34 renewable resource currently in the later stages of negotiation

SLC Corp is committed to procuring renewable resources and therefore has an interest in how avoided costs are calculated. For example, the price SLC Corp pays for a Schedule 34 resource is the difference between the Power Purchase Agreement (PPA) price and the avoided cost price. If the avoided cost methodology undervalues the renewable resource procured, then SLC Corp effectively overpays for the resource relative to the benefit it provides to the system. Because of our sensitivity to the avoided cost methodology under discussion, SLC Corp submits the

following reply comments in response to Utah Clean Energy’s (UCE) comments filed on May 28, 2020 in this docket. These comments will address the non-routine update relating to wind Qualifying Facility (QF) avoided cost price and the solar QF avoided cost price.

Discussion

Non-routine update: wind QF avoided cost price

UCE opposes Rocky Mountain Power’s (RMP) proposed new method for calculating the avoided cost for Utah wind QFs. Specifically, UCE notes that, “[a]ccording to the 2019 Integrated Resource Plan (IRP), the next cost-effective deferrable wind resource consists of 1,920 MW of Wyoming wind expected to come online in 2024.”

However, RMP chose a different proxy resource on which to base its avoided cost calculation—namely, a “customer preference resource, a 69 MW wind plant” located in Utah.

Using SLC Corp’s experience as an example, it may not make sense to consider “customer preference” projects as deferrable in the way the Proxy and Partial Displacement Differential Revenue Requirement (Proxy/PDDRR) method would suggest. SLC Corp is currently pursuing a large customer preference project in collaboration with RMP and five other customers under Schedule 34. This resource procurement is designed to satisfy a Joint Resolution target to source 50% of SLC Corp’s municipal energy from renewable sources. As such, this customer preference project would not be deferred by the addition of a QF with similar characteristics. Others pursuing customer preference projects may be similarly guided by their own unique requirements. For this reason, customer preference projects may be inherently non-deferable.

SLC Corp’s understanding is that under the Public Utility Regulatory Policies Act (PURPA), avoided cost includes all capacity and energy cost related to QF energy that satisfies the utility’s load. The 2019 IRP identified a need for load in 2024 and it seems logical that a Utah wind QF should be allowed to defer it. SLC Corp further understands that the Commission previously ruled on a similar issue in docket 17-035-37, saying at that time “we determine PacifiCorp’s

proposed 2021 Wyoming wind and transmission resources to be deferrable by potential wind QFs for the purposes of determining avoided cost prices until the PSC issues a final determination on these resources or if PacifiCorp independently determines it will no longer pursue these resources¹.”

Publishing an avoided cost price for Utah wind QFs that uses Wyoming wind and transmission as the deferrable resource could motivate Schedule 34 electric customers to procure wind projects closer to home—producing jobs and economic benefits for Utah communities that would otherwise only happen out of state. Utah wind projects also have the potential to add unique system benefits. Utah wind projects would be located closer to load centers than Wyoming wind. Additionally, Utah wind could diversify the system’s wind generation profile relative to Wyoming wind alone.

Solar QF avoided cost price

UCE raises a concern with how RMP calculates the avoided cost price for a standalone solar QF based on the characteristics of a Wyoming solar-plus-storage resource in the 2019 IRP. Specifically, the avoided cost price for a Utah standalone solar QF appears to be calculated as a fraction of the avoided cost price applicable to the Wyoming solar-plus-storage resource.

Since the 2019 IRP preferred portfolio does not contain any standalone solar, RMP’s approach has the benefit of at least allowing the calculation of a Utah standalone solar QF avoided cost price. However, as a large electric customer with a strong interest in procuring renewable resources, SLC Corp would be interested to see Rocky Mountain Power publish a solar-plus-storage QF avoided cost price. Publishing an avoided cost price for solar-plus-storage QFs would provide transparency and help future Schedule 34 customers determine whether they should pursue a solar-plus-storage project before incurring significant procurement costs. As demonstrated in the 2019 IRP, solar-plus-storage projects provide significant grid benefits over and above what standalone solar can provide. Publishing a price for solar-plus-storage in the

¹ Docket 17-035-37, PSC Order filed on January 23, 2018, p.19.

Schedule 34 context would help leverage private investment to create an overall cleaner, more affordable, and more reliable electricity system for Rocky Mountain Power customers.

SLC Corp recognizes that there are myriad ways solar-plus-storage systems can be configured. SLC Corp would be happy to collaborate with the Commission and RMP to determine reasonable project configuration parameters to support published solar-plus-storage pricing.

Conclusions and Recommendations

SLC Corp recommends that the Commission uphold standard practice and find that the Utah wind QF avoided cost price be based on deferral of the next cost-effective resource—Wyoming wind and transmission. Further, SLC Corp supports the inclusion of a solar-plus-storage QF avoided cost price in Schedule 37. SLC Corp appreciates the opportunity to provide comments in this proceeding.

CERTIFICATE OF SERVICE
Docket Nos. 19-035-18 & 20-035-T04

I hereby certify that a true and correct copy of the foregoing was served by email this 25th day of June 2020, on the following:

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