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Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Artie Powell, Director

Doug Wheelwright, Utility Technical Consultant Supervisor

Abdinasir Abdulle, Utility Technical Consultant

Bob Davis, Utility Technical Consultant

Justin Christensen, Utility Analyst

Date: July 20, 2020

Re: **Docket No. 20-035-30**, Rocky Mountain Power's Quarterly Compliance Filing –
2020 Q1 Avoided Costs Input Changes.

Recommendation: (Conditional No Action Required)

Upon review, the Division of Public Utilities ("Division") concludes Rocky Mountain Power's ("RMP") quarterly compliance filing – 2020.Q1 avoided costs input changes complies with the Commission Orders in Dockets Nos. 03-035-14 and 14-035-140 and requires no further action. This recommendation is based on the Commission accepting the Division's recommended approval of RMP's proposed non-routine change in its 2019.Q3 compliance filing in Docket No. 19-035-18. If the Commission does not approve the Division's recommendation in that Docket, the Division may amend its conclusions and recommendations accordingly in this docket.

Issue

On June 30, 2020, RMP filed its Quarterly Compliance Filing – 2020.Q1. This filing reports changes since RMP’s 2019.Q4 Quarterly Compliance Filing dated April 9, 2020. On June 30, 2020, the Commission issued an Action Request to the Division requesting the Division review the application for compliance and make recommendations. This memorandum represents the Division’s response to the Commission’s Action Request.

Discussion

Based upon Commission Orders dated October 31, 2005 and February 2, 2006 in Docket No. 03-035-14, RMP is required to provide quarterly updates of its avoided cost indicative pricing, highlighting any changes made to the Proxy and GRID models that are used to calculate Schedule 38 avoided costs. In Docket No. 14-035-140, the parties to the proceeding stipulated and the Commission approved RMP to classify new and updated assumptions as either “Routine Updates” or “Non-Routine Updates.” In addition, it has been stipulated that “...parties will file a notice with the Commission within three weeks after RMP files its quarterly compliance filing, to identify which specific assumptions, if any, they intend to contest.”

In compliance with these Commission Orders, RMP filed with the Commission its quarterly report for the 2020.Q1 on June 30, 2020. The Division reviewed and checked the accuracy and reasonableness of the calculations in RMP’s filing. The Division believes that RMP properly documented the input changes to the avoided cost calculations.

RMP updated several inputs and assumptions to its model since the 2019.Q4 update filing. These updates are all categorized as routine. The routine updates serve to update the basic model inputs to keep the GRID model current. The specific routine updates that RMP made include: routine GRID model updates; update of signed contract queue and current potential QFs; and update of the Official Forward Price Curve (OFPC) to PacifiCorp’s March 31, 2020, OFPC (2003 OFPC).

The 2020.Q1 filing categorizes the updates to the wind deferral as routine. However, it is a routine update to the non-routine update from the prior quarter (2019.Q3) that has not yet been approved.

The Division has participated in the proceedings of Docket Nos. 19-035-18 and 20-035-T04 and submitted its comments supporting RMP's 2019.Q3 compliance filing. In that proceeding, the Division concluded that RMP's proposed updates were reasonable and recommended approval. If the Commission approves RMP's proposed non-routine update, then the Division concludes that the input changes in the 2020.Q1 filing are reasonable and should be approved. However, if the Commission does not approve RMP's proposed non-routine change, the Division may amend its conclusions and recommendations accordingly in this docket.

Overall, the input changes made by RMP between this compliance filing and the 2019.Q4 filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$1.57 per MWh. Wind resources' levelized price **increased** by \$2.05 per MWh as compared to the 2019.Q4 filed price update that is currently under review. Solar tracking resources' levelized price **increased** by \$2.72 per MWh.¹ These changes represent the cumulative impact of all the changes made by RMP. The incremental impact of each change from the prior step will depend on the order in which the changes are introduced into the model.

Conclusion

Based upon its review, the Division believes that the updates of the avoided cost calculations for thermal and solar resources are reasonable and the avoided cost prices are calculated according to the Commission approved methods. The Division recommends that the Commission take no further action on the thermal and solar resource updates. The Division also concludes that updates for the wind resource are reasonable and require no further action if the Commission approves the non-routine update contained in 2019.Q3 filing. If the Commission does not approve RMP's proposed non-routine change, the Division may amend its conclusions and recommendations accordingly in this docket.

CC: Jana Saba, RMP
Michele Beck, OCS

¹ Rocky Mountain Power, Docket No. 20-035-30 – 2020.Q1. Avoided Cost Input Changes Quarterly Compliance Filing, June 30, 2020, Appendix B1.