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## State of Utah

### Department of Commerce Division of Public Utilities

CHRIS PARKER  
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Director, Division of Public Utilities

## 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:** October 8, 2020

**Re:** **Docket No. 20-035-30**, Rocky Mountain Power's Quarterly Compliance Filing – 2020. Q2 Avoided Costs Input Changes Quarterly Compliance Filing.

### **Recommendation: (No Action Required)**

Upon review, the Division of Public Utilities (“Division”) concludes Rocky Mountain Power’s (“RMP”) quarterly compliance filing – 2020.Q2 avoided costs input changes complies with the Commission Orders in Dockets Nos. 03-035-14 and 14-035-140 and requires no further action.

### **Issue**

On September 30, 2020, RMP filed its Quarterly Compliance Filing – 2020.Q2. This filing reports changes since RMP’s 2020.Q1 Quarterly Compliance Filing dated June 30, 2020. On October 1, 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 and Background

Based upon Commission Orders dated October 31, 2005 and February 2, 2006,<sup>1</sup> RMP is required to provide quarterly updates of its avoided cost indicative pricing and highlighting any changes to the Proxy and GRID models 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. Additionally, the stipulation requires 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 2020.Q2 on September 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 2020.Q1 update filing. There are no non-routine updates in this filing. The routine updates serve to update the basic model inputs to keep the GRID model current. The specific routine updates that RMP made include: GRID model updates for hydro forecasts, thermal outage rates, and coal costs; signed contract queue and current potential QFs updates including 2,020 MW of nameplate capacity from 1,114 MW in 2020.Q1; and update of the Official Forward Price Curve (OFPC) to PacifiCorp’s June 30, 2020, OFPC.

The cumulative input changes made by RMP in this compliance filing **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$1.25 per MWh, wind resources’ (Deferred Utah Wind) levelized price **decreased** by \$0.99 per MWh, and solar

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<sup>1</sup> Docket No. 03-035-14.

tracking resources' levelized price **increased** by \$1.17 per MWh.<sup>2</sup> The incremental impact of each change 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, wind, 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, wind, and solar resource updates.

CC: Jana Saba, RMP  
Michele Beck, OCS

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<sup>2</sup> Rocky Mountain Power, Docket No. 20-035-30 – 2020.Q2. Avoided Cost Input Changes Quarterly Compliance Filing, September 30, 2020, Appendix B1.