



State of Utah

Department of Commerce Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

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Bob Davis, Utility Technical Consultant

Justin Christensen, Utility Analyst

Date: January 19, 2021

Re: **Docket No. 20-035-30**, Rocky Mountain Power's Quarterly Compliance Filing – 2020.Q3 Avoided Costs Input Changes Quarterly Compliance Filing.

Recommendation (No Action Required)

The Division of Public Utilities (“Division”) concludes Rocky Mountain Power’s (“RMP”) quarterly compliance filing – 2020.Q3 avoided costs input changes comply with the Commission’s Orders in Dockets Nos. 03-035-14 and 14-035-140 and requires no further action.

Issue

On December 30, 2020, RMP filed its Quarterly Compliance Filing – 2020.Q3. This filing reports changes since RMP’s 2020.Q2 Quarterly Compliance Filing dated September 30, 2020. On December 30, 2020, the Commission issued an Action Request to the Division requesting the Division review the application for compliance and make recommendations. The Commission

asked the Division to report back by January 19, 2021. 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, 2006,¹ RMP is required to provide quarterly updates of its avoided cost indicative pricing and highlight 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 its quarterly report for 2020.Q3 on December 30, 2020. The Division reviewed and checked the accuracy and reasonableness of the calculations in RMP's filing. The Division concludes that RMP properly documented the input changes to the avoided cost calculations.

RMP has no non-routine updates in this filing. The routine updates serve to update the basic model inputs to keep the GRID model current. The routine updates that RMP made in this filing include a slight reduction in the signed contract queue and potential QFs to 1,968 MW of nameplate capacity from 2,020 MW in the 2020.Q2 filing, and an update of the Official Forward Price Curve (OFPC) to PacifiCorp's September 30, 2020, OFPC. The contract term used in this compliance filing is rolled forward one year to January 1, 2021 through December 31, 2035.

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 \$1.96 per MWh, wind resources' (Deferred Utah Wind) levelized price **increase** by \$2.41 per MWh, and solar tracking

¹ Docket No. 03-035-14.

resources' levelized price **increased** by \$1.00 per MWh.² The incremental impact of each change will depend on the order in which the changes are introduced into the model.

Conclusion

The Division reviewed RMP's 2020.Q3 filing and concludes that the avoided cost prices are calculated according to the Commission's approved methods and the updates to the avoided cost calculations for thermal, wind, and solar resources are reasonable. The Division recommends the Commission take no further action at this time.

Cc: Jana Saba, RMP
Michele Beck, OCS

² Rocky Mountain Power, Docket No. 20-035-30 – 2020.Q3. Avoided Cost Input Changes Quarterly Compliance Filing, December 30, 2020, Appendix B1.