



State of Utah

Department of Commerce
Division of Public Utilities

MARGARET BUSSE
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

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

Abdinasir Abdulle, Utility Technical Consultant

Bob Davis, Utility Technical Consultant

Justin Christensen, Utility Analyst

Date: October 8, 2021

Re: **Docket No. 21-035-44**, Rocky Mountain Power's Quarterly Compliance Filing – 2021.Q2 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 – 2021.Q2 avoided costs input changes complies with the Commission’s Orders in Dockets Nos. 03-035-14 and 14-035-140 and requires no further action.

Issue

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. On September 20, 2021, RMP filed its Quarterly Compliance Filing – 2021.Q2. The Commission

¹ Docket No. 03-035-14.

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 October 8, 2021.

Discussion and Background

In Docket No. 14-035-140, the parties to the proceeding stipulated and the Commission approved, a requirement that RMP 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 2021.Q2 on September 20, 2021. 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.

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 an increase in the signed contract queue and potential QFs to 1,164 MW of nameplate capacity from 2,665 MW in the 2021.Q1 filing, and an update of the Official Forward Price Curve (OFPC) to PacifiCorp’s June 30, 2021, OFPC. The contract term used in this compliance filing is from January 1, 2022, through December 31, 2036. The load forecast is updated to RMP’s most recent load forecast dated August 10, 2021. The Inflation Rate is updated to RMP’s most recent inflation rate forecast dated June 30, 2021. Market Capacity assumptions as of June 2021 are assumed for 48-month average of all short-term firm (“STF”) sales, and heavy load hour (“HLH”) and light load hour (LLH”) sales.

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 \$0.36 per MWh, Wind resources’ (Deferred Utah Wind) levelized price **decreased** by \$0.85 per MWh, and solar

tracking resources' levelized price **increased** by \$2.10 per MWh.² The incremental impact of each change will depend on the order in which the changes are introduced into the model.

There are not any non-routine updates reported in this filing.

Conclusion

The Division reviewed RMP's 2021.Q2 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. 21-035-44 – 2021.Q2. Avoided Cost Input Changes Quarterly Compliance Filing, September 20, 2021, Exhibit A - Appendix B1.