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## 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  
Bob Davis, Utility Technical Consultant  
Justin Christensen, Utility Analyst  
Abdinasir Abdulle, Utility Technical Consultant

**Date:** April 20, 2022

**Re:** **Docket No. 21-035-44**, Rocky Mountain Power's Quarterly Compliance Filing – 2021.Q4 Avoided Costs Input Changes

### Recommendation (No Action Required)

The Division of Public Utilities (Division) concludes Rocky Mountain Power's (RMP) quarterly compliance filing – 2021.Q4 avoided costs input changes complies with the Commission's Orders in Docket Nos. 03-035-14 and 14-035-140 and requires no further action.

### Issue

On March 31, 2022, RMP filed its Quarterly Compliance Filing – 2021.Q4. The report aims to identify changes that have occurred in the avoided cost calculation since RMP's 2021.Q3 Quarterly Compliance Filing dated December 29, 2021. On the same day, the Commission issued an Action Request to the Division requesting the Division to review the application for compliance and make recommendations. The Commission asked the Division to report back by April 20, 2022.

Division of Public Utilities

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## Discussion and Background

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 and highlight any changes to the Proxy and GRID models used to calculate Schedule 38 avoided costs. The parties to the proceeding in Docket No. 14-035-140, stipulated and the Commission approved 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.Q4 on March 31, 2022. 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 updated several inputs and assumptions to its model since the 2021.Q3 update filing. These updates are all categorized as routine updates. The routine updates serve to update the basic model inputs to keep the GRID model current. RMP's routine updates in this filing include an update in the signed contract queue and potential QFs to include 794 MW of nameplate capacity in this filing. The potential queue was 845 MW in the 2021.Q3 filing. The Official Forward Price Curve (OFPC) is updated to PacifiCorp’s December 31, 2021, OFPC. Market Capacity assumptions as of November 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 Division agrees that these updates are correctly designated as routine.

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 \$11.37 per MWh, Wind resources’ (Deferred Utah Wind) levelized price **increased** by \$4.50 per MWh, and solar tracking resources’ levelized price **increased** by \$3.85 per MWh.<sup>1</sup> The DPU had

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<sup>1</sup> Rocky Mountain Power, Docket No. 21-035-44 – 2021.Q4. Avoided Cost Input Changes Quarterly Compliance Filing, March 31, 2022, Exhibit A - Appendix B.1 - 3-31-2022.

an informal communication with RMP regarding the large swing in thermal resources from last quarter. RMP's response is that the high December 2021 Official Forward Price Curve is driven by the impacts of COVID, supply-chain issues, inflation, and so on.

The incremental impact of each change will depend on the order in which the changes are introduced into the model.

Therefore, based on our review and understanding, the Division concludes that the updates appear reasonable and are correctly incorporated into the avoided cost calculations.

## **Conclusion**

The Division reviewed RMP's 2021.Q4 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