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State of Utah  
DEPARTMENT OF COMMERCE  
Office of Consumer Services

MICHELE BECK  
Director

To: Utah Public Service Commission

From: Office of Consumer Services  
Michele Beck, Director  
Béla Vastag, Utility Analyst

Date: April 1, 2022

Re: **Application of Rocky Mountain Power for Approval of Solicitation Process for 2022 All Source Request for Proposals**  
Docket No. 21-035-52

## Background

Rocky Mountain Power (RMP) filed its application on January 26, 2022, and the Public Service Commission of Utah (PSC) issued a Scheduling Order on February 15, 2022, setting deadlines of March 14 and April 1, 2022, for parties to file initial and reply comments, respectively, in this proceeding. The Utah Office of Consumer Services (OCS) filed initial comments on March 14, 2022. The OCS submits these reply comments in order to clarify one issue that it raised in its March 14 comments.

### **In PLEXOS modeling, the cost of the Gateway South transmission line (GWS) is being reduced by the cost of the hypothetical 230 kV transmission line**

On March 31, 2022, the OCS received a discovery response from RMP confirming that GWS “is modeled net of the cost offset for the 230 kilovolt (kV) transmission project to accommodate PacifiCorp obligation to provide firm point-to-point (PTP) transmission service to a third party transmission customer” and that the modeled cost of GWS was being reduced by \$1.4 billion. The referenced discovery response, OCS 3.1, which was received in PacifiCorp’s 2021 IRP proceeding (Docket No. 21-035-09) is attached to the end of these comments.

The OCS questions whether this treatment of the costs of GWS is fair when performing the RFP’s economic analysis of bids that rely on GWS versus those bids that do not rely on GWS. As discussed in our initial comments, parties disagree with PacifiCorp that retail ratepayers would be forced to pay the \$1.4 billion cost of this 230 kV line if

GWS was not built. It appears unfair that the \$1.4 billion is considered a sunk cost that then is used to provide an artificial economic benefit to all the RFP bids that require GWS to be built. In the OCS's opinion, the 500 MW PTP transmission customer, who is not serving PacifiCorp retail load, is the one who should be required to pay the \$1.4 billion if GWS is not constructed. If this were to be required, the OCS speculates that this "third party customer" would withdraw its transmission service request.

Reiterating our initial comments on this issue, we recommend that PacifiCorp be required to conduct a sensitivity analysis on the NTTG alternative option without the assumption that retail customers would be required to pay for the 230 kV line for this third party customer. Due to RMP's response to discovery request OCS 3.1, the OCS now also recommends that the PSC order PacifiCorp to run a sensitivity analysis for the economic evaluation of the RFP bids without the \$1.4 billion reduction in the cost of GWS to see how this impacts the selection of bids to the final shortlist – i.e. would there be additional resources selected in other parts of the system that don't rely on GWS when the true cost of GWS is used.

cc:

Jana Saba, Emily Wegener, Stephanie Barber-Renteria, Rocky Mountain Power  
Chris Parker, Division of Public Utilities  
Email Service List

21-035-09 / Rocky Mountain  
Power March 31, 2022  
OCS Data Request 3.1

### **OCS Data Request 3.1**

For each resource in the 2021 IRP preferred portfolio, including each new transmission facility, please provide their capital costs as modeled in PLEXOS. Please provide these costs by resource and by year for each year of the portfolio. If any offsets or credits reduced or increased any resource's capital costs, please provide detail on how this was done and explain why it was appropriate to make these reductions and/or increases.

### **Response to OCS Data Request 3.1**

Please refer to the confidential work papers accompanying PacifiCorp's 2021 Integrated Resource Plan (IRP), folder "Preferred Portfolio CONF.zip\\_Preferred Portfolio CONF\LT", and file "18609\_21IRP 20yr\_P02-MM-CETA CONF .xlsx" which will provide each resource's capital investment costs; specifically (1) tab "Generator Annual Data", sort on column v (Build Cost), (2) tab "Battery Annual Data", sort on column y (Build Cost), and (3) tab "Transmission Annual Data", sort on column u (Build Cost).

In PacifiCorp's 2021 IRP, the Energy Gateway South transmission project is modeled net of the cost offset for the alternative 230 kilovolt (kV) transmission project to accommodate PacifiCorp obligation to provide firm point-to-point (PTP) transmission service to a third party transmission customer. The 230 kV is not available if Energy Gateway South is not built. The \$1.4 billion cost assumed for the alternative is the minimum cost for the upgrades required to grant a single transmission service request (TSR).