



SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Division Director

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: July 19, 2022

Re: **Docket No. 22-035-36**, Rocky Mountain Power's Quarterly Compliance Filing – 2022.Q1 Avoided Costs Input Changes

Recommendation (No Action Required)

The Division of Public Utilities (Division) concludes Rocky Mountain Power's (RMP) quarterly compliance filing – 2022.Q1 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 June 30, 2022, RMP filed its Quarterly Compliance Filing – 2022.Q1. The report aims to identify changes that have occurred in the avoided cost calculation since RMP's 2021.Q4 Quarterly Compliance Filing dated March 30, 2022. 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 July 20, 2022.

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741
www.dpu.utah.gov • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

Discussion and Background

Based upon Commission Orders dated October 31, 2005, and February 2, 2006, (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 2022.Q1 on June 30, 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.Q4 update filing. These updates are all categorized as routine updates. The routine updates are updates to 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 327 MW of nameplate capacity in this filing. The potential queue was 794 MW in the 2021.Q4 filing. The Official Forward Price Curve (OFPC) is updated to PacifiCorp’s March 31, 2022, OFPC (2203 OFPC). Market Capacity assumptions as of March 2022 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 the updates are correctly designated as routine.

The cumulative input changes made by RMP in this compliance filing **decreased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$1.96 per MWh, Wind resources’ levelized price **decreased** by \$0.77 per MWh, and solar tracking

resources' levelized price **increased** by \$0.63 per MWh.¹ The incremental impact of each change will depend on the order in which the changes are introduced into the model.

Therefore, based on its 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 2022.Q1 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

¹ Rocky Mountain Power, Docket No. 22-035-36 – 2022.Q1. Avoided Cost Input Changes Quarterly Compliance Filing, June 30, 2022, Exhibit A - Appendix B.1 -6-30-2022.