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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
Brenda Salter, Assistant Division Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Justin Christensen, Utility Analyst
Bob Davis, Utility Technical Consultant

Date: April 12, 2023

Re: **Docket No. 22-035-36**, Rocky Mountain Power's Quarterly Compliance Filing – 2022.Q4 Avoided Costs Input Changes

Recommendation (No Action Required)

The Division of Public Utilities (Division) concludes Rocky Mountain Power's (RMP) Quarterly Compliance filing, 2022.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 28, 2023, RMP filed its Quarterly Compliance Filing – 2022.Q4. The report identifies changes that have occurred in the avoided cost calculation since RMP's 2022.Q3 Quarterly Compliance Filing dated December 27, 2022. On March 28, 2023, 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 17, 2023.

Division of Public Utilities

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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. In Docket No. 14-035-140, the Commission approved the parties' stipulation 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.Q4 on March 28, 2023. The Division reviewed 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 2022.Q3 update filing. These updates are all categorized as routine updates. The routine updates are minor changes to the basic model inputs to keep the GRID model current. RMP's routine updates in this filing include an update of the potential QFs to include 522 MW of nameplate capacity in the signed contract queue. The potential queue was 492 MW in the 2022.Q3 filing. The Official Forward Price Curve (OFPC) was updated to PacifiCorp's December 30, 2022, OFPC (2212 OFPC). Market Capacity assumptions as of January 2023 are assumed for 48-month average of all short-term firm (STF) sales, 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 **increased avoided cost** pricing on a 15-year nominal levelized basis for thermal resources by \$5.21 per MWh, levelized wind resource price **increased** by \$4.27 per MWh, and levelized solar tracking resource levelized price **increased** by \$1.15 per MWh.¹ The incremental impact of each change will depend on the order in which the changes are introduced into the model.

¹ Rocky Mountain Power, Avoided Cost Input Changes Quarterly Compliance Filing, Docket No. 22-035-36 – 2022.Q4, March 28, 2023, Attachment 1 - Appendix B.1 3-27-2023.

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 has reviewed RMP's 2022.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