VOTE SOLAR

VIA ELECTRONIC FILING

Utah Public Service Commission
160 East 300 South, 4th Floor
Salt Lake City, UT 84111
Via electronic mail to: psc@utah.gov

February 14, 2023

Re: Docket No. 22-035-54
RMP's Notice of Intent to Use Export Credit Rate Input

Dear Commissioners,

Vote Solar appreciates the opportunity to submit the following comments regarding Rocky Mountain Power's Export Credit Rate update filing for 2023.

Background

The Schedule 137 Export Credit Rate ("ECR") was determined in Docket 17-035-61 through an order issued by the Utah Public Service Commission ("PSC") on October 30, 2020. The PSC subsequently issued a December 23, 2020 Order on Agency Review or Rehearing that supplemented and clarified the October order, and an April 28, 2021 Order on Agency Rehearing addressing specific issues related to carrying charges and capacity credit. Details regarding an annual update process for the ECR were established in an order issued August 11, 2021, in which the PSC ordered that the value of the ECR be updated annually based on 12 months of data ending the previous June 30, with a target effective date of March 1.[1]

On December 1, 2022, Rocky Mountain Power ("RMP") filed a Notice of Intent to Use ECR Input initiating Docket No. 22-035-54. RMP submitted a compliance filing containing a proposed Schedule 137 tariff and ECR calculations on January 20, 2023.

Vote Solar submits the following comments in response to the Commission's notice that any interested party may submit comments on RMP's filing on or before February 14, 2023.

[1] Docket No. 17-035-61 - Public Service Commission Order Approving Annual Export Credit Rate Update Procedures, August 11, 2021, Page 15.

Comments

Vote Solar has reviewed RMP's second annual ECR compliance filing. We find that RMP's filing contains the data and inputs necessary to calculate an Export Credit Rate. A comparison of the current ECR value approved in March 2022 with RMP's 2023 ECR update shows that:

- The updated 2023 ECR value is 9% higher than the prior year's ECR value in the summer, and 6% higher in the winter.
- The increase in the 2023 ECR value is driven largely by higher energy prices, which increased significantly from an average hourly EIM price of $29.40[2] in the prior year to an average of $40.39[3] for the 12 months ending June 30 2022, a 37% increase.
- Transmission capacity costs remain essentially unchanged compared to the prior year's value.
- The export volume used to calculate the ECR for Schedule 137 customers (an input which is measured using exports from Schedule 136 customers) decreased slightly relative to the prior year, from 936 MWh per MW to 870 MWh per MW.
- The capacity contribution, a measure of the match between export volumes and high load hours, decreased slightly from 16.19% to 15.19%.
- RMP's proposed solar integration costs have increased notably to $6.07/MWh, more than 27 times the approved integration cost input of $0.22 from the prior year.

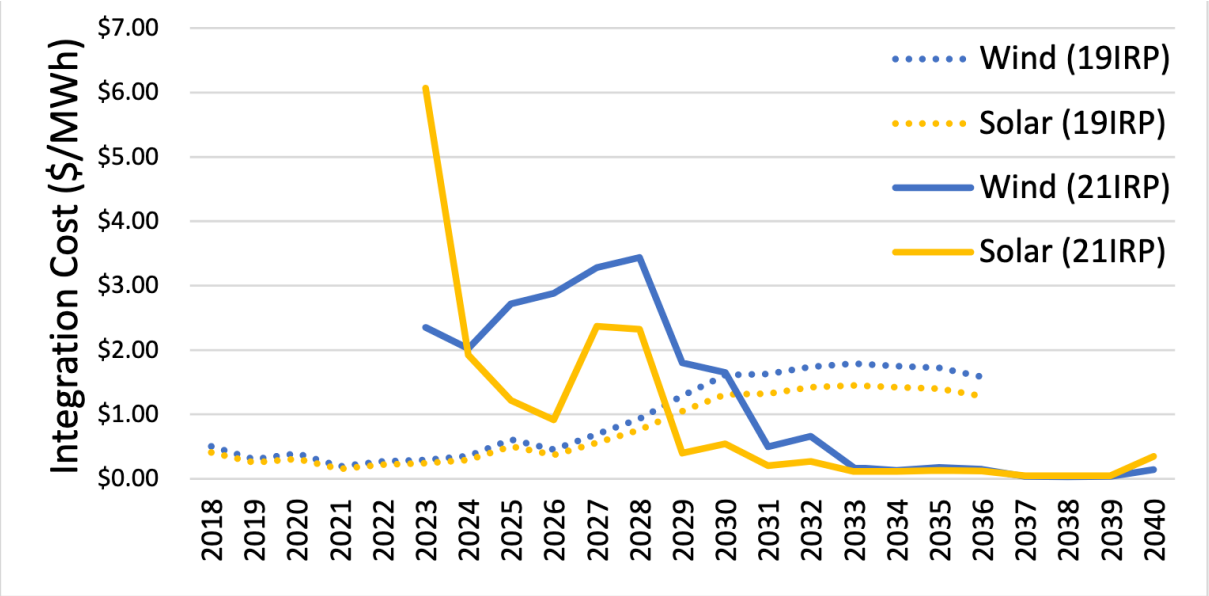
Solar integration charges are derived from RMP's Flexible Reserve Study conducted as part of the Integrated Resource Plan ("IRP"). RMP made several changes to its Flexible Reserve Study ("FRS") for 2021, including a modification to the "methodology for extrapolating results for higher renewable resource penetration levels… to better capture the diversity between growing wind and solar portfolios."[4] The updated FRS reports a dramatic increase in wind and solar integration costs relative to the prior FRS from 2019. As shown in Figure 1, the near-term incremental wind and solar integration costs determined through the 2021 Flexible Reserve Study are orders of magnitude higher than the integration costs determined through the 2019 Flexible Reserve Study.

[2] Docket No. 21-035-65, RMP's Notice of Intent to Use Export Credit Rate Input, RMP Workpaper A filed January 28, 2022.

[3] Docket No. 22-035-54, RMP's Notice of Intent to Use Export Credit Rate Input, RMP Workpaper A filed January 30, 2023.

[4] RMP 2021 Integrated Resource Plan, Volume II, Appendix F – Flexible Reserve Study. Page 118.

Figure 1 – Comparison of Incremental Wind and Solar Regulation Reserve Costs from 2019 and 2021 Integrated Resource Plan.[5]



Vote Solar remains concerned that the integration costs calculated for utility-scale resources through the Flexible Reserve Study are not representative of the integration costs caused by smaller, geographically diverse distributed solar resources. Additionally, the annual update to the integration charge applicable to distributed solar customers is effectively charging these existing customers for integration costs that are caused by the addition of subsequent new energy resources. As a result, rooftop solar customers are uniquely charged for integration costs that their solar installation did not cause and that other resource types do not incur.

We recognize that the PSC's October 30, 2020 order stated, "we find that utility scale solar is a reasonable proxy for estimating integration costs for CG (customer generated) solar," and "We expect that the integration cost component of the ECR should be adjusted in future annual updates to reflect new resources that are in operation."[6] Since the PSC's order in 2020, RMP's energy mix continues to evolve. New wind resources have come online, and a substantial amount of new wind, solar, and battery storage resource additions are planned. RMP's updates to the FRS are focused on better understanding the impact of, and interaction between, utility-scale wind and solar resources which are often sited close to other resources of the same type. Additionally, the demonstrated capabilities of customer-sited resources continue to grow, including solar paired with customer-sited storage that can be dispatched by the customer or the

[5] RMP 2021 Integrated Resource Plan, Volume II, Appendix F – Flexible Reserve Study. Page 145.

[6] Docket No. 17-035,61, October 30 2020 Order. Page 13.

utility. RMP has begun to leverage customer-sited batteries to provide grid benefits,[7] and "virtual power plants" comprised of customer-sited solar and storage resources helped to keep the lights on in other parts of the country when heat waves drove historically high levels of peak demand.[8]

As RMP's energy mix continues to evolve, we recommend the PSC carefully review changes to the Flexible Reserve Study, particularly when it results in significant cost impacts to solar customers, and evaluate whether use of integration costs calculated for a growing fleet of utility-scale resources fairly represents both the integration costs and grid benefits that result from smaller, distributed generation systems.

Respectfully,

/s/ Kate Bowman
Regulatory Director, Interior West
Vote Solar

[7] Wattsmart Battery Program, https://www.rockymountainpower.net/savings-energy-choices/wattsmart-battery-program.html.

[8] "Sunrun Activates Nation's First Residential Virtual Power Plant in Wholesale Market." Sunrun. October 11 2022. Available at: https://investors.sunrun.com/news-events/press-releases/detail/273/sunrun-activates-nations-first-residential-virtual-power.

Misbrener, K. "Residential solar batteries helped California's grid with peak power during heatwave." September 9, 2022. Solar Power World. Available at: https://www.solarpowerworldonline.com/2022/09/customer-sited-solar-batteries-340-mw-peak-power-one-day-california/.