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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
Brenda Salter, Utility Technical Consultant Supervisor
Abdinasir Abdulle, Utility Technical Consultant
Bob Davis, Utility Technical Consultant

Date: May 16, 2022

Re: **Docket No. 22-035-T06**, Rocky Mountain Power's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities

Recommendation (Approval)

The Division of Public Utilities (Division) has reviewed Rocky Mountain Power's (RMP) proposed updates to Schedule 37 for qualifying facilities as filed with the Public Service Commission of Utah (Commission) on April 29, 2022. The filing follows the Commission Orders in Docket Nos. 08-035-78 and 12-035-T10. The Division has reviewed the information and recommends the Commission approve the tariff revisions.

Issue

On April 29, 2022, in compliance with previous Commission Orders, RMP filed its proposed tariff revisions to Schedule 37 – Avoided Cost Purchases from Qualifying Facilities. RMP requested approval of the revised tariff with an effective date of June 1, 2022. On April 29, 2022, the Commission issued an Action Request to the Division asking it to investigate RMP's filing and report back by May 13, 2022. On May 2, 2022, the Commission issued a

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

Notice of Filing and Comment Period allowing any interested party to submit comments on or before May 16, 2022, and reply comments on or before May 23, 2022. This memo represents the Division's response to the Action Request.

Background

In its Order, dated February 12, 2009,¹ the Commission directed RMP to annually update the avoided cost pricing in Schedule 37 and establish the value or credit for net excess generation of large commercial customers under Schedule 135, Net Metering Service. In its Order, dated November 28, 2012,² the Commission directed RMP to file future annual filings within 30 days of filing RMP's Integrated Resource Plan (IRP) or by April 30th of each year, whichever comes first.

Discussion

In compliance with Commission Orders, RMP filed its updated avoided cost pricing for Schedule 37 on April 29, 2022. The Division has reviewed the filing and concludes that RMP is in compliance with Commission Orders, and the avoided calculations are made consistent with the approved method.

Changes in macro-economic conditions have had a notable effect on the Company's recent quarterly Schedule 38 updates, including the update to the Official Forward Price Curve (OFPC) in the March 31, 2022, quarterly filing (Docket No. 21-035-44). In that docket, the near term (2022-2036) levelized avoided cost increased by about forty-one percent because of the update to the OFPC. The overall increase was approximately forty-three percent.³

The Company proposes two routine updates in the current filing: adoption of the same OFPC as in Docket No. 21-035-44 and inclusion of the 2021 Integrated Resource Plan (IRP) preferred portfolio. The Company did not propose any nonroutine updates in this filing. As in the recent Schedule 38 update, these proposed changes have a significant effect on the Schedule 37 avoided costs. Table 1 demonstrates the overall impacts to the

¹ See Docket No. 08-035-78.

² See Docket No. 12-035-T10.

³ See, Rocky Mountain Power's Quarterly Compliance Filing - 2021.Q4 Avoided Cost Input Changes, Docket No. 21-035-44, Appendix C, p. 3, March 31, 2022, <https://pscdocs.utah.gov/electric/21docs/2103544/323333RMPQtrlyCmplncFIn3-31-2022.pdf>.

levelized prices for base load, fixed solar, tracking solar, and wind facilities for the 15-year 2022-2036 normalized period.⁴ These changes demonstrate the price sensitivity of the OFPC and IRP preferred portfolio on Schedule No. 37.

Table 1

Base Load Facility Levelized Prices ¢/kWh (15-Year 2022-2036 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	3.214	5.214	3.458	4.178	
Prior	2.528	6.005	2.993	3.008	
% Change	27.14%	-13.17%	15.54%	38.90%	17.10%
Fixed Solar Facility Levelized Prices ¢/kWh (15-Year 2022-2036 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	2.531	3.781	2.733	3.289	
Prior	1.237	2.667	1.213	1.350	
% Change	104.61%	41.77%	125.31%	143.63%	103.83%
Tracking Solar Facility Levelized Prices ¢/kWh (15-Year 2022-2036 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	2.321	3.523	2.522	3.046	
Prior	1.372	3.086	1.352	1.559	
% Change	69.17%	14.16%	86.54%	95.38%	66.31%
Wind Facility Levelized Prices ¢/kWh (15-Year 2022-2036 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	3.058	4.807	3.369	4.075	
Prior	2.619	5.782	2.647	3.238	
% Change	16.76%	-16.86%	27.28%	25.85%	13.26%
Overall Average Change	54.42%	6.47%	63.67%	75.94%	50.12%

⁴ See RMP Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities, Docket No. 22-035-T06, April 29, 2022, RMP Appendix 1 – AC Study Summary (Excel), <https://psc.utah.gov/2022/04/29/docket-no-22-035-t06/>.

The Division has reviewed the Company's application, workpapers, and other material and has identified no significant issues with the Company's proposed changes or calculations and concludes that the Company has complied with prior Commission orders and the approved avoided cost method. Therefore, the Division recommends that the Commission approve RMP's updates to Schedule No. 37.

In the review of RMP's advice letter for this matter, the Division reviewed Utah Administrative Code R746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. The filing does not appear to violate statute or rule.

Conclusion

The Division concludes that RMP's filing complies with the Commission's Orders and the approved avoided cost method, and that the proposed updates are in the public interest. Therefore, the Division recommends that the Commission approve RMP's filing with an effective date of June 1, 2022.

cc: Michele Beck, OCS
Jana Saba, RMP