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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 Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant
Justin Christensen, Utility Analyst

Date: January 16, 2024

Re: **Docket No. 23-035-28**, Rocky Mountain Power's Quarterly Compliance Filing – 2023.Q3 Avoided Costs Input Changes

Recommendation (No Action Required)

The Division of Public Utilities (Division) concludes that Rocky Mountain Power's (RMP) Quarterly Compliance filing, 2023.Q3 avoided costs input changes, complies with the Public Service Commission's (Commission) Orders in Docket Nos. 03-035-14 and 14-035-140, and requires no further action.

Issue

On December 27, 2023, RMP filed its Quarterly Compliance Filing – 2023.Q3. The report identifies changes that have occurred in the avoided cost calculation since RMP's 2023.Q2 Quarterly Compliance Filing dated September 27, 2023. On December 27, 2023, the Commission issued an action request asking the Division to review the application for compliance and to make recommendations. The Commission asked the Division to report back by January 16, 2024.

Division of Public Utilities

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Discussion and Background

Based on Commission Orders dated October 31, 2005, and February 2, 2006, RMP is required to provide quarterly updates of its avoided cost indicative pricing and highlight any changes to the Proxy and Partial Displacement Differential Revenue Requirement (PDDRR) and Generation and Regulation Initiative Decision Tool (GRID) models used to calculate Schedule No. 38 avoided costs.¹ In Docket No. 14-035-140, the Commission approved the parties' stipulation that requires RMP to 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."²

In compliance with these Commission Orders, RMP filed its quarterly report for 2023.Q3 on December 27, 2023. The Division reviewed the accuracy and reasonableness of the calculations in RMP's filing and concludes that RMP properly documented the input changes to the avoided cost calculations.

RMP updated a few inputs and assumptions to its model since the 2023.Q2 update filing. The current filing contains both routine and non-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 504 MW of nameplate capacity in the signed contract queue. The potential queue was 374 MW in the 2023.Q2 filing. RMP updated its Official Forward Price Curve (OFPC) to PacifiCorp's September 29, 2023, OFPC (2309 OFPC). Market Capacity assumptions use the 48-month average of all short-term firm (STF) sales as of March 2023. Heavy load hour (HLH), and light load hour (LLH) sales are limited to the historical 48-month average less monthly executed STF

¹ Docket No. 03-035-14, *Application of PacifiCorp for Approval of an IRP-Based Avoided Cost Methodology for QF Projects Larger than One Megawatt*, <https://psc.utah.gov/2016/06/22/docket-no-03-035-14/>.

² Docket No. 14-035-140, *Order Approving Settlement Agreement on Schedule 38 Procedures*, June 9, 2015, Attachment: Settlement Agreement, ¶ 18-19, <https://pscdocs.utah.gov/electric/14docs/14035140/26679614035140oasaostep.pdf>.

contracts as of December 31, 2021. The Division agrees that these updates are correctly designated as routine.

RMP reports one transmission related non-routine update in its filing due to the 2023 IRP filed May 31, 2023, in Docket No. 23-035-10.³ RMP made a correction to allow Colstrip generation to flow to the Willamette Valley, Nevada-Oregon (NOB), and Goshen transmission areas, up to specified limits consistent with the 2023 IRP.⁴ The Division notes that RMP's updates are congruent with Docket No. 14-035-140. The Division agrees that updates as the result of an IRP filing are routine. However, transmission investment and capacity changes to the GRID topology is considered non-routine under Docket No. 14-035-140.⁵

The Division notes that the 2023 IRP has not been approved by the Commission. The Division does not believe this routine/non-routine update materially impacts the avoided cost updates in this filing.

The cumulative input changes made by RMP in this compliance filing **increases avoided cost** pricing for thermal resources by \$0.96 per MWh, **increases** wind resource pricing by \$0.13 per MWh, and **increases** tracking solar resource pricing by \$0.38 per MWh.⁶ The incremental impact of each change will depend on the order in which the changes are introduced into the model. These changes are not substantial from the updates reported in the 2023.Q2 update.

The Division has concerns with RMP's Q2 and Q3 compliance filing based on its unapproved 2023 IRP. However, the Division has no reason to believe that RMP has

³ Docket No. 23-035-10, *PacifiCorp's 2023 Integrated Resource Plan*, May 31, 2023, <https://pscdocs.utah.gov/electric/23docs/2303510/3281812023IRPFnlVlm15-31-2023.pdf>.

⁴ Docket No. 23-035-28, *Rocky Mountain Power's Quarterly Compliance Filing – 2023.Q3 Avoided Cost Input Changes*, December 27, 2023, at 4, <https://pscdocs.utah.gov/electric/23docs/2303528/331453RMP2023.Q3AvdCstInptChngs12-27-2023.pdf>.

⁵ Docket No. 14-035-140, *Supra* note 2, ¶ 22.

⁶ Docket No. 23-035-28, *Rocky Mountain Power, Avoided Cost Input Changes Quarterly Compliance Filing, Docket No. 23-035-28 – 2023.Q3, Attachment 1 - Appendix B.1 12-27-2023* (15 yr. nominal levelized basis).

changed its methodology in the determination of its avoided cost calculations. It has applied the assumptions based on the 2023 IRP congruently to past orders.

Conclusion

The Division has reviewed RMP's 2023.Q3 filing and concludes that the avoided cost prices are calculated according to the Commission's approved methods and therefore, 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