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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
Bob Davis, Utility Technical Consultant

Date: May 16, 2023

Re: **Docket No. 23-035-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 filed with the Public Service Commission of Utah (Commission) on April 28, 2023. 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 28, 2023, 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, 2023. On April 28, 2023, the Commission issued an Action Request to the Division asking it to investigate RMP's filing and report back by May 12, 2023. On May 2, 2023, the Commission issued a Notice of Filing and Comment Period asking any person to submit comments on or before May 16, 2023, and reply comments on or before May 23, 2022.

Background

Division of Public Utilities

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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 28, 2023. The Division has reviewed the filing and concludes that RMP is following the Commission's Orders, and the approved Proxy/Partial Displacement Differential Revenue Requirement (PDDRR) avoided cost method for its calculations.

Changes in the current macroeconomic conditions have had a notable effect on RMP's Schedule 38 quarterly updates since last year's Schedule No. 37 revisions.³ Electricity market prices along with wind and solar integration costs are up significantly putting upward pressure on the Official Forward Price Curve (OFPC) noted in Appendix 1.⁴

RMP proposes one routine update in the current filing: adoption of the same OFPC (2212 OFPC - December 30, 2022) in its 2023.Q4 Avoided Cost Input Changes filing, Docket No. 22-035-36.⁵ RMP does not propose any nonroutine updates in this filing. Schedule No. 38 updates can impact Schedule No. 37 avoided costs. In this docket, the near-term (2023-2037) levelized avoided cost increased by about 33 percent year-over-year due to the current conditions. Table 1 demonstrates the overall impacts to the levelized prices for base load, fixed solar, tracking solar, and wind facilities for the 15-year 2023-2037 normalized

¹ Docket No. 08-035-78.

² Docket No. 12-035-T10.

³ Docket No. 22-035-36, *Rocky Mountain Power's Quarterly Compliance Filing - 2021.Q4 Avoided Cost Input Changes* filed March 28, 2023, <https://pscdocs.utah.gov/electric/22docs/2203536/327419RMPCmplncFIng2022.Q4AvdCstInptChngs3-28-2023.pdf>.

⁴ Docket No. 23-035-T06, *RMP's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities* filed April 28, 2023, Appendix 1, Table 5 – Electricity Market Prices \$/MWH and Table 6 – Integration Costs \$/MWH, <https://pscdocs.utah.gov/electric/23docs/23035T06/327806Tariff4-28-2023.pdf>.

⁵ *Id.* Appendix 2, at 2.

period.⁶ 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 2023-2037 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	4.984	7.761	5.356	5.831	
Prior	3.214	5.214	3.458	4.178	
% Change	55.07%	48.85%	54.89%	39.56%	49.59%
Fixed Solar Facility Levelized Prices ¢/kWh (15-Year 2023-2037 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	3.408	4.477	3.749	3.566	
Prior	2.531	3.781	2.733	3.289	
% Change	34.65%	18.41%	37.18%	8.42%	24.66%
Tracking Solar Facility Levelized Prices ¢/kWh (15-Year 2023-2037 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	2.846	4.789	3.119	3.880	
Prior	2.321	3.523	2.522	3.046	
% Change	22.62%	35.94%	23.67%	27.38%	27.40%
Wind Facility Levelized Prices ¢/kWh (15-Year 2023-2037 Normalized)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winer	Off-Peak Summer	Average Change
Proposed	3.941	6.463	4.306	4.985	
Prior	3.058	4.807	3.369	4.075	
% Change	28.88%	34.45%	27.81%	22.33%	28.37%
Overall Average Change	35.30%	34.41%	35.89%	24.42%	32.51%

⁶ Docket No. 23-035-T06, RMP's Proposed Tariff Revisions to Electric Service Schedule No. 37, Avoided Cost Purchases from Qualifying Facilities filed April 28, 2023, RMP Appendix 1 – AC Study Summary 4-28-23, <https://psc.utah.gov/2023/04/28/docket-no-23-035-t06/>.

The Division has reviewed the Company's application, work papers, 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.

The Division notes that RMP's filing contains a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule under Utah Administrative Code R746-405-2(D)(3)(g).

Conclusion

The Division concludes that RMP's filing complies with the Commission's Orders and approved avoided cost method, and the proposed revisions are just, reasonable, and in the public interest. Therefore, the Division recommends that the Commission approve RMP's filing with an effective date of June 1, 2023.

cc: Michele Beck, OCS
Jana Saba, RMP