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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: February 14, 2024

Re: **Docket No(s). 23-035-T03 and 23-035-55**, Rocky Mountain Power's Proposed Tariff Changes to Electric Schedule No. 137, Net Billing Service and Rocky Mountain Power's Notice of Intent to Use Export Credit Rate Input

Recommendation (Approval)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) approve Rocky Mountain Power's (RMP) proposed customer-generated export credit rate (ECR) updates to tariff Schedule No. 137, Net Billing Service, with an effective date of March 1, 2024.

Issue

RMP filed its proposed annual updates to Schedule No. 137 on January 30, 2024. The Commission issued an action request to the Division on January 30, 2024. The Commission asked the Division to investigate RMP's filing, make recommendations, and report back by February 12, 2024. On January 31, 2024, the Commission issued its Notice of Filing and Comment Period asking any interested person to submit comments by February 14, 2024, and reply comments by February 21, 2024. RMP requests an effective date of March 1, 2024.

Division of Public Utilities

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Background

The Commission issued its final order for Docket No. 17-035-61 on August 11, 2021 (Order), for the annual update timing, procedure, and scope of Electric Service Schedule No.137 — Net Billing Service. The Commission approved, among other conclusions and findings, an annual update of Schedule No. 137 to reflect current assumptions applied to the various models used to determine a reasonable export credit rate for the succeeding year. The Commission's Order directed RMP to file its Notice of Intent to Use ECR Input (Docket No. 21-035-64)¹ by December 1st of each year. The Notice of Intent is filed before the tariff update to make parties aware of the various value point inputs RMP intends to use in its annual ECR Schedule No. 137 update.² RMP is required to submit its annual update to the Commission thirty days before the March 1st effective date to allow parties time to evaluate RMP's filing.³

Discussion

The Division reviewed RMP's annual ECR update adjustments approved by the Commission in Docket No. 21-035-64⁴ and those proposed in RMP's recent notice of Intent to Use ECR Input. The Division concludes the annual and routine adjustments made by RMP are as intended.

The components that were not adjusted in this year's annual update are Generation and Distribution Capital Cost, Generation and Distribution Carrying Charges, and Generation Fixed O&M Charges. RMP identified the annual and routine adjustments for each value point in Workpaper A, including specific load research data from Confidential Workpaper B needed for the capacity contribution and production factors.

¹ Docket No. 21-035-64, *Rocky Mountain Power's Notice of Intent to Use ECR Input*, filed December 1, 2021, <https://pscdocs.utah.gov/electric/21docs/2103564/321387Notice12-1-2021.pdf>.

² Docket No. 17-035-61, *Commission Order*, August 11, 2021, at 10, Section A(ii), <https://pscdocs.utah.gov/electric/17docs/1703561/3199401703561oaaecrup8-11-2021.pdf>.

³ *Id.*, at 9, Section A(i).

⁴ Docket No. 21-035-64, *Commission's Order on Rocky Mountain Power's Notice of Intent to Use Export Credit Rate Input*, January 11, 2022, <https://pscdocs.utah.gov/electric/21docs/2103564/321871AckLtrfromPSC1-10-2022.pdf>.

For the annual and routine adjustments made in this year's update, the customer generation (Schedule No. 136)⁵ export profile and Energy Imbalance Market (EIM) for the PacifiCorp East (PACE) load aggregation point are based on 15-minute intervals for July 1, 2022, through June 30, 2023, adjusted for daylight saving time. The Division notes that the UT136 Hourly data was properly adjusted for the ending and beginning of daylight savings time on November 6, 2022, and March 12, 2023, respectively. The Capacity Contribution and Production Factors use the 12-month UT136 Hourly Production data ending June 30, 2023.⁶ The \$1.92 per MWh integration cost is derived from the 2021 IRP (Docket No. 21-035-09).⁷ RMP claims there was no integration study performed for the 2023 IRP.⁸ RMP derives the Transmission Capacity Rate from its FERC Docket ER11-3643 filing.⁹ Finally, the demand and energy losses used for the energy, generation, transmission, and distribution value points are derived from the most recent Demand and Energy Loss Study (2018) performed by RMP for the most recent general rate case (Docket No. 20-35-04).¹⁰

Based on its analysis, premised on the Commission's Order on April 28, 2021, the Division concludes that RMP's adjustments are routine, resulting in an ECR summer rate adjustment from 5.636 cents per kWh to **7.715** cents per kWh, and winter rate adjustment from 4.745 cents per kWh to **6.372** cents per kWh. The proposed changes represent a 36.9% (summer) and a 34.3% (winter) increase in rates, respectively.¹¹ The Division completed its own analysis, which concluded with similar results.

RMP notes the change in this annual update is primarily the result of higher energy values and lower solar integration costs. While the capacity contribution declined, the average delivered volume declined by a greater amount, resulting in an increase to the generation,

⁵ Note that Customers on Schedule No. 137 do not have 15-minute capable meters.

⁶ Docket No. 24-035-T03, *RMP Workpaper A – UT Schedule 136 Export Credit Annual Update*, filed 1-29-2024, Tab Gen, Cells D7 and D10, respectively, <https://psc.utah.gov/2024/01/30/docket-no-24-035-t03/>.

⁷ *Id.*, Tab Integration, Cell C7.

⁸ Docket No. 23-035-55, *Rocky Mountain Power's Notice of Intent to Use ECR Input*, filed December 1, 2023, at 3, <https://pscdocs.utah.gov/electric/23docs/2303555/331099RMPNtclntntUseECRInpt12-1-2023.pdf>.

⁹ Docket No. ER11-3643, *PacifiCorp OASIS Tariff/Company Information/OATT Pricing/2023 Transmission Formula Update/Excel 2023 Projection/Summary of Rates Tab*, Cell F28, <http://www.oatioasis.com/ppw/>.

¹⁰ Docket No. 24-035-T03, *Supra* note 6, Tab Losses.

¹¹ Docket No. 24-035-T03, *Rocky Mountain Power's Proposed Tariff Changes to Electric Service Schedule No. 137, Net Billing*, filed January 29, 2024, Table 2, at 4, <https://pscdocs.utah.gov/electric/24docs/24035T03/332025Trf1-29-2024.pdf>.

transmission, and distribution capacity values on a per kWh basis. The impact of capacity contribution and average delivered volume on transmission capacity values are subject to the Company’s most recent Open Access Transmission Tariff (OATT) rate.¹² The Company’s most recent OATT rate change was negligible again this year.

Table 1 illustrates the Division’s year-over-year analysis of changes to the ECR components since the Commission’s Order in January 2021. The Division notes that while three years of data is not inclusive of material trends, the Division is monitoring the large changes in capacity contribution and value elements.

Table 1 (DPU Analysis)¹³

	Season	Current Update	Prior	Prior	Ordered	Average % Change to Ordered
		Jan. 2024	Jan. 2023	Jan. 2022	Jan. 2021	
Export Profile						
Volume (kWh per kW)	Annual	729	870	936	896	-6%
Capacity Contribution (%)	Annual	14.37%	15.19%	16.19%	21.99%	-31%
Value by Element (cents/kWh)						
Energy Including integration & losses	Summer	4.984	3.215	2.758	2.439	50%
	Winter	3.641	2.325	2.060	2.109	27%
	<i>Annual (i)</i>	<i>4.208</i>	<i>2.669</i>	<i>2.322</i>	<i>2.233</i>	<i>37%</i>
Generation Capacity	Annual	1.760	1.559	1.544	2.253	-28%
Transmission Capacity	Annual	0.776	0.688	0.687	0.876	-18%
Distribution Capacity	Annual	0.196	0.173	0.172	0.249	-28%
Total	Summer	7.715	5.636	5.160	5.817	6%
	Winter	6.372	4.745	4.462	5.487	-5%
	<i>Annual (i)</i>	<i>6.939</i>	<i>5.089</i>	<i>4.724</i>	<i>5.611</i>	<i>-0.48%</i>

(i) Annual values for information only and reflect seasonal weighting from the historical period.

¹² *Supra* note 11, at 4, Section III, New ECR Rates.

¹³ Docket No. 24-035-T03, *Supra* note 6, *DPU Analysis based on RMP’s Summary Tab*, from prior reports.

In its annual net metering report to the Commission on August 4, 2023,¹⁴ the Division reported a 223 percent increase in Schedule No. 137 excess net metering generation by kWh. The excess generation was based on a 116 percent increase in the number of Schedule No. 137 customers. While the excess generation historical trend had been downward for Schedule Nos. 135 and 136, the trend for schedule Nos. 135, 136, and 137 is beginning to reverse.¹⁵ The Division has no way of knowing the root cause of these trends whether the trends are caused by system design, customer usage, weather, etc. The Division plans to monitor these trends for potential issues between a fair and reasonable export credit rate to the prior net metering billing scheme of kWh to kWh compensation that was retired in Docket No. 17-035-61.

In review of RMP's application, the Division concludes the requested changes comport with the Commission's guidelines and are routine. RMP also includes language that complies with 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 Division's review of the revised tariff sheets reflect the necessary changes for a March 1, 2024, effective date.

Conclusion

The Division concludes that RMP's Schedule No. 137 annual update filing adjustments are routine and comply with Commission orders and RMP's proposed inputs in Docket No. 23-035-55.¹⁶ The proposed rates are just, reasonable, and in the public interest. Therefore, the Division recommends the Commission approve RMP's filing with an effective date of March 1, 2024.

cc: Joelle Steward, RMP
Jana Saba, RMP
Michele Beck, OCS

¹⁴ Docket No. 23-035-32, *DPU Acknowledge RMPs Net Metering Report*, August 4-2023, at 8 <https://pscdocs.utah.gov/electric/23docs/2303532/329047DPUCmnts8-4-2023.pdf>.

¹⁵ *Id.*, *Illustration II*, at 8.

¹⁶ Docket No. 23-035-55, *RMP's, Notice of Intent to Use ECR Input*, December 1, 2023, <https://pscdocs.utah.gov/electric/23docs/2303555/331099RMPNtclntntUseECRInpt12-1-2023.pdf>.