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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: June 3, 2024

Re: **Docket No. 24-035-T04**, 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 revisions to Schedule No. 37 for qualifying facilities filed with the Public Service Commission of Utah (Commission). The filing follows the Commission Orders in Docket Nos. 08-035-78 and 12-035-T10. The Division finds RMP's filing just, reasonable, and in the public interest and therefore recommends the Commission approve RMP's tariff revisions with an effective date of June 15, 2024.

Issue

On May 15, 2024, in compliance with Commission Orders and the extension granted on April 30, 2024, RMP filed its proposed tariff revisions to Schedule No. 37 – Avoided Cost Purchases from Qualifying Facilities. RMP requested an effective date of June 15, 2024. On May 16, 2024, the Commission asked the Division to investigate RMP's filing and report back by May 29, 2024. On May 17, 2024, the Commission issued its Notice of Filing and

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Comment Period asking any person to submit comments by June 3, 2024, and reply comments by June 10, 2024.

Background

In its Order, Docket No. 08-035-78,¹ the Commission directed RMP to annually update the avoided cost pricing in Schedule No. 37 and establish the value or credit for net excess generation of large commercial customers taking service under Schedule No. 135, Net Metering Service. In its Order, Docket No. 12-035-T10,² the Commission directed RMP to file future annual filings within 30 days of filing its Integrated Resource Plan (IRP), or by April 30th of each year, whichever comes first. RMP requested an extension this year to allow it time to integrate the Schedule No. 37 calculations from the Generation and Regulation Initiative Decision Tool (GRID) to the new PLEXOS tool.³

Discussion

The Division has reviewed RMP's 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 macroeconomic conditions continue to impact RMP's Schedule No. 38 quarterly updates since last year's Schedule No. 37 revisions. Electricity market prices along with wind and solar integration costs continue to put pressure on the Official Forward Price Curve (OFPC).⁴ In addition to these market conditions, RMP replaced its Generation and Regulation Initiative Decision Tool (GRID) model with the PLEXOS model for its avoided

¹ Docket No. 08-035-78, *Report and Order Directing Tariff Modifications*, February 12, 2009, <https://pscdocs.utah.gov/electric/08docs/0803578/0803578ROdtm.pdf>.

² Docket No. 12-035-T10, *Clarification and Procedural Order*, November 28, 2012, <https://pscdocs.utah.gov/electric/12docs/12035T10/23944112035T10capo.pdf>.

³ Docket No. 24-035-T04, *Correspondence from Gary L. Widerburg Granting Extension of Time*, April 30, 2024, <https://pscdocs.utah.gov/electric/24docs/24035T04/333583CorresWiderburgGrntngExtnsnofTm4-30-2024.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>.

cost pricing calculations.⁵ Finally, RMP used assumptions from its recent 2023 IRP Update in the PLEXOS model as mentioned above.⁶

The cumulative input changes reported by RMP in its 2023.Q4 Schedule No. 38, Avoided Cost Input Changes filing using the PLEXOS model and 2023 IRP Update, increased avoided cost pricing for thermal resources by \$3.68 per MWh, increased wind resource pricing by \$2.10 per MWh, and decreased tracking solar resource pricing by \$0.27 per MWh.⁷ RMP's revisions in this filing, as noted in the Division's 2023.Q4 Avoided Cost Input Changes filing comments, might not only be the result of changes in resource inputs but also from the transition to the PLEXOS model.⁸

In its 2023.Q4 filing, RMP claims the avoided costs are slightly higher using the PLEXOS model compared to the GRID model due to how the models work comparatively and their different capabilities. The impacts of the assumptions in the PLEXOS model vary through time and how they interact with the composition of the preferred portfolio, the qualifying facility (QF) generation profile, and displaced proxy resources specific to each resource type in conjunction with the differences RMP listed in that filing including *Gas Unit Commitment, Energy Storage Dispatch, Negative Dispatch Price, and Administrative Benefits*.⁹

The quarterly Schedule No. 38 updates may impact the annual Schedule No. 37 avoided costs based on the IRP assumptions used as routine components of the IRP updated throughout the reporting period. In this docket, the (2025-2039) levelized pricing increased modestly from last year's report for the solar resources and summer off-peak base load. Table 1 demonstrates the overall impacts to the levelized prices for base load, fixed solar,

⁵ Docket 23-035-23, *Rocky Mountain Power's Quarterly Filing – 2023.Q4 Avoided Cost Input Changes*, March 26, 2024, page 1, <https://pscdocs.utah.gov/electric/23docs/2303528/333030RMP2023Q4AvdCstlnptChngs3-26-2024.pdf>.

⁶ Docket No. 24-035-T04, *Rocky Mountain Power's Schedule No. 37 Qualifying Facilities Pricing Update*, May 15, 2024, page 1, <https://pscdocs.utah.gov/electric/24docs/24035T04/333747RMPSchdl37QFPrcngUpdt5-15-2024.pdf>.

⁷ Docket No. 23-035-28, *Comments from the Division of Public Utilities*, April 25, 2025, page 3, <https://pscdocs.utah.gov/electric/23docs/2303528/333544DPUcmnts4-25-2024.pdf>.

⁸ *Id.*, pages 3-4.

⁹ Docket No. 23-035-28, *2023.Q4 Avoided Cost Input Changes Quarterly Compliance Filing*, March 26, 2024, pages 3-5, <https://pscdocs.utah.gov/electric/23docs/2303528/333030RMP2023Q4AvdCstlnptChngs3-26-2024.pdf>.

tracking solar, and wind facilities for the 15-year 2025-2039 normalized period proposal in comparison to the past two years.¹⁰ The Division plans to monitor the price changes over time as RMP transitions from the GRID model to the PLEXOS model. Table 1 illustrates the absolute average deviation of each year to the mean of the years for on and off-peak winter and summer pricing. The average deviation metric demonstrates the price volatility year-over-year.

Table 1 - (Year-Over-Year Pricing)

Base Load Facility Levelized Prices ¢/kWh (15-Year 2025-2039 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	Model
Proposed	4.149	6.536	5.232	6.518	PLEXOS
2023	4.984	7.761	5.365	5.831	GRID
2022	3.214	5.214	3.458	4.178	GRID
AVEDEV	0.60	0.86	0.82	0.89	
Fixed Solar Facility Levelized Prices ¢/kWh (15-Year 2025-2039 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	3.247	5.147	4.269	5.457	PLEXOS
2023	3.408	4.477	3.749	3.566	GRID
2022	2.531	3.781	2.733	3.289	GRID
AVEDEV	0.35	0.46	0.57	0.90	
Tracking Solar Facility Levelized Prices ¢/kWh (15-Year 2025-2039 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	2.779	4.633	3.734	4.862	PLEXOS
2023	2.846	4.789	3.119	3.880	GRID
2022	2.321	3.523	2.522	3.046	GRID
AVEDEV	0.22	0.53	0.41	0.62	
Wind Facility Levelized Prices ¢/kWh (15-Year 2025-2039 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	2.212	3.630	2.844	3.573	PLEXOS
2023	3.941	6.463	4.306	4.985	GRID
2022	3.058	4.807	3.369	4.075	GRID
AVEDEV	0.58	1.00	0.53	0.52	

Average Deviation (AVEDEV) returns the average of the absolute deviations of data points from their mean

¹⁰ Docket No. 24-035-T04, *Supra* note 6, *Proposed Tariffs 37.4, 37.5, 37.6, and 37.7.*

The Division has reviewed the Company's application, work papers, and other materials, and has not identified any significant issues with the Company's proposed revisions or calculations and concludes that the Company has complied with prior Commission orders and the approved PDDRR avoided cost method.

RMP's filing contains the required 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 15, 2024.

cc: Michele Beck, OCS
Jana Saba, RMP