

SPENCER J. COX
Governor
DEIDRE M. HENDERSON
Lieutenant Governor



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
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: May 8, 2025

Re: **Docket No. 25-035-T03**, 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) 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 and reasonable, and in the public interest, and therefore recommends the Commission approve RMP's tariff revisions with an effective date of June 15, 2025.

Issue

On April 23, 2025, RMP filed its proposed tariff revisions to Schedule No. 37 – Avoided Cost Purchases from Qualifying Facilities (Filing), in compliance with Commission Orders. RMP requested an effective date of June 15, 2025. On the same day, the Commission asked the Division to investigate RMP's filing and report back by June 15, 2025. On April 29, 2025, the Commission issued its Notice of Filing and Comment Period asking any interested person to submit comments by May 8, 2025.



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. Last year, RMP requested an extension 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 This year's report relies exclusively on the PLEXOS model.

In compliance with the Commission's Order in Docket Nos. 17-035-T07 and 17-035-37, RMP provides the avoided costs rates for Schedule No. 37 reflecting the Proxy/PDDRR methodology applicable under Schedule No. 38 and with only signed QFs included in the QF queue.⁴

Discussion

The Division 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.

RMP's Schedule No. 37 tariff revision is based on its 2024.Q4 Avoided Cost Input Changes filed on March 18, 2025, and two routine updates:⁵

- *Update to March 31, 2025, Official Forward Price Curve; and*

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

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

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

⁴ *Order*, Docket Nos. 17-035-T07 and 17-035-37, January 23, 2018, at 33, <https://pscdocs.utah.gov/electric/17docs/17035T07/29931117035T07and1703537o1-23-2018.pdf>.

⁵ *Tariff*, Docket No. 25-035-T03, April 23, 2025, <https://pscdocs.utah.gov/electric/25docs/25035T03/339467Trf4-23-2025.pdf>. The Division assumes RMP meant March 18, 2025 versus March 18, 2024 in its Appendix 2, Avoided Cost Study Write-Up, at page 2 of 6,

- *Update to the Utah 2025 IRP preferred portfolio and assumptions from PacifiCorp's 2025 IRP filed on March 31, 2025.*

The Division notes that neither the 2025 IRP or Utah 2025 IRP have been approved by the Commission.

Changes in macroeconomic conditions continue to impact RMP's avoided cost pricing. Electricity market prices along with wind and solar integration costs continue to add variability to the Official Forward Price Curve (OFPC). In addition to these market conditions, RMP replaced its Generation and Regulation Initiative Decision Tool (GRID) model with the PLEXOS model for its avoided cost pricing calculations in 2024.⁶ In this year's filing, RMP uses assumptions from its recent 2025 IRP and Utah specific 2025 IRP Updates in the PLEXOS model.⁷

The cumulative input changes reported in its 2024.Q4 Schedule No. 38, Avoided Cost Input Changes filing using the PLEXOS model and 2023 IRP Update, decreased avoided cost pricing for thermal resources by \$1.04 per MWh, decreased tracking solar resource pricing by \$1.85 per MWh, and decreased wind resource pricing by \$0.67 per MWh.⁸ The Division notes that incremental impacts of each change depends on the order in which the changes are introduced into the model.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 (2026-2040) levelized pricing decreased modestly for all resources from last year's report for both winter and summer on and off-peak hours due to decreases in electricity, natural gas, and wind/solar integration costs.¹⁰ Table 1 illustrates the absolute average deviation to the levelized prices for base load, fixed

⁶ *Rocky Mountain Power's Quarterly Filing – 2023.Q4 Avoided Cost Input Changes*, Docket 23-035-28, March 26, 2024, at 1,

<https://pscdocs.utah.gov/electric/23docs/2303528/333030RMP2023Q4AvdCstInptChngs3-26-2024.pdf>.

⁷ Docket No. 25-035-T03, *supra* note 5, Appendix 2, at 3 of 6.

⁸ *Comments from the Division of Public Utilities*, Docket No. 24-035-35, April 7, 2025, page 3, <https://pscdocs.utah.gov/electric/24docs/2403535/339133DPUCmnts4-7-2025.pdf>.

⁹ *Id.* at 3.

¹⁰ Docket No. 25-035-T03, *supra* note 5, Appendix 1, Avoided Cost Study Summary, pages 24-26 of 33.

solar, tracking solar, and wind facilities for the 15-year 2026-2040 normalized period proposed in comparison to the past three years.¹¹

Table 1 - (Year-Over-Year Pricing)

Base Load Facility Levelized Prices ¢/kWh (15-Year 2026-2040 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	Model
Proposed	2.814	3.455	3.130	3.265	PLEXOS
2024	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*	0.78	1.41	1.00	1.23	
Fixed Solar Facility Levelized Prices ¢/kWh (15-Year 2026-2040 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	1.624	2.182	1.806	2.060	PLEXOS
2024	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	0.63	0.92	0.87	0.93	
Tracking Solar Facility Levelized Prices ¢/kWh (15-Year 2026-2040 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	2.051	2.740	2.308	2.650	PLEXOS
2024	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	0.31	0.79	0.51	0.76	
Wind Facility Levelized Prices ¢/kWh (15-Year 2026-2040 Nominal)					
	On-Peak Winter	On-Peak Summer	Off-Peak Winter	Off-Peak Summer	
Proposed	1.674	2.010	1.883	1.867	PLEXOS
2024	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	0.78	1.41	0.74	0.91	
*Average Deviation (AVEDEV) returns the average of the absolute deviations of data points from their mean					

¹¹ Docket No. 25-035-T03, *RMP Appendix 1 - AC Study Summary 04-30-25*, April 23, 2025, Tabs Tariff Page, Tariff Page Solar Fixed, Tariff Page Solar Tracking, and Tariff Page Wind.

RMP claims that its revised tariff sheets do not constitute a violation of state law or Commission rule under Utah Administrative Code R746-405-2(D)(3)(g).

Conclusion

The Division reviewed RMP's Filing, work papers, and other materials, and has not identified any significant issues with RMP's proposed revisions or calculations using the approved PDDRR avoided cost method and PLEXOS model.

The Division concludes that RMP's filing complies with the Commission's Orders and approved avoided cost method, and finds the proposed revisions to be just and reasonable, and in the public interest. Therefore, the Division recommends that the Commission approve RMP's filing with an effective date of June 15, 2025.

cc: Michele Beck, OCS
Jana Saba, RMP