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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of PacifiCorp for Approval of an IRP-based Avoided Cost Methodology for QF Projects Larger than One Megawatt	DOCKET NO. 03-035-14
In the Matter of Miscellaneous Correspondence and Reports Regarding Electric Utility Services	DOCKET NO. 12-999-01

Comments of Renewable Energy Advisors

Renewable Energy Advisors (REA) respectfully requests that the Commission consider the variation between GRID estimates that have been provided by Rocky Mountain Power (Company) in 2012. We appreciate that GRID is a very sophisticated and valuable tool that is used extensively in the Company’s planning process. We do not represent ourselves as GRID experts. In our opinion, however, the variability of GRID estimates should limit its use as a benchmark for long-term avoided cost decisions.

To highlight this variability, Company Q-2 2012¹ and Q-4 2012² Docket No. 03-035-14 filings are used as examples. GRID “Energy Only” data is drawn from Table 2 of the respective filings. “Fuel Cost” for the projected 2025 423 MW CCCT plant is drawn from Table 4 of the Q 4 filing. All costs are expressed as \$/MWH.

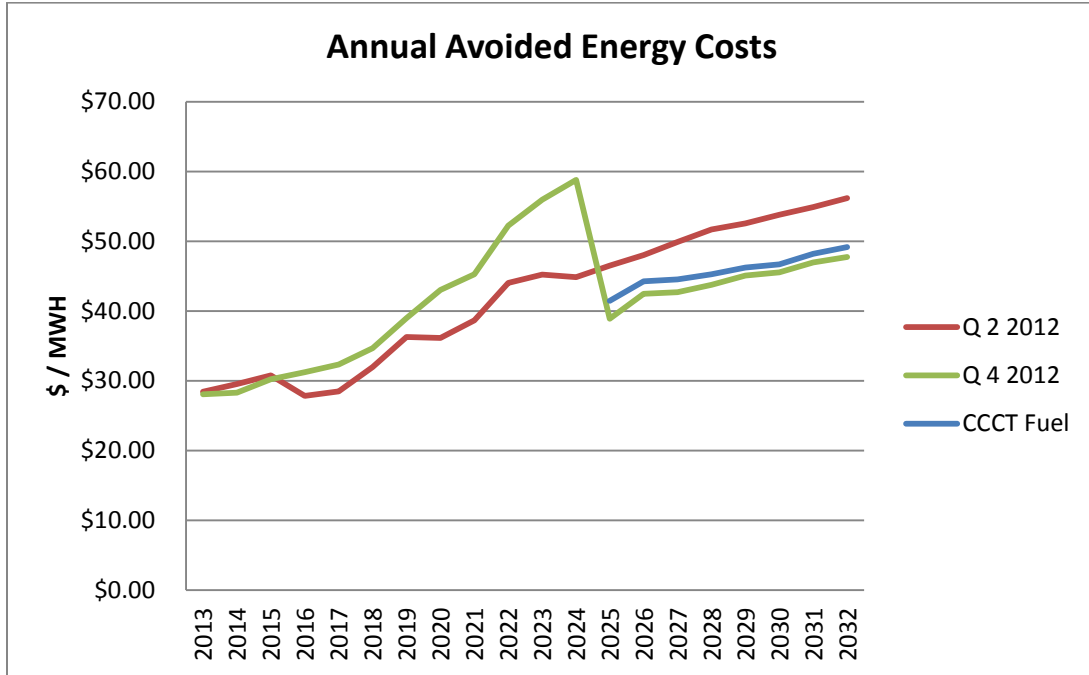
¹ Docket No. 03-035-14 Quarterly Compliance Filing – 2012.Q2 Avoided Cost Input Changes Exhibit B June 29, 2012

² Docket No. 03-035-14 Quarterly Compliance Filing – 2012.Q4 Avoided Cost Input Changes Exhibit B Dec 28, 2012

A comparison of estimates, along with the fuel cost estimates for the projected 2025 CCCT plant, is illustrated in the following table:

Energy Only	Q 2 2012	Q 4 2012	CCCT Fuel
2013	\$28.44	\$28.10	
2014	\$29.53	\$28.34	
2015	\$30.81	\$30.22	
2016	\$27.84	\$31.23	
2017	\$28.50	\$32.35	
2018	\$31.98	\$34.69	
2019	\$36.27	\$38.98	
2020	\$36.17	\$43.02	
2021	\$38.68	\$45.27	
2022	\$44.03	\$52.23	
2023	\$45.23	\$55.96	
2024	\$44.85	\$58.83	
2025	\$46.53	\$38.91	\$41.46
2026	\$48.04	\$42.48	\$44.28
2027	\$49.92	\$42.72	\$44.54
2028	\$51.70	\$43.77	\$45.26
2029	\$52.59	\$45.09	\$46.25
2030	\$53.81	\$45.54	\$46.71
2031	\$54.92	\$46.95	\$48.22
2032	\$56.17	\$47.75	\$49.20

The same table is converted to the following chart:



This chart raises a number of questions, including the significant increase in Q-4 GRID estimates prior to 2025, and a GRID prediction that avoided costs after 2025 will be below the fuel costs of the CCCT plant. It is important to note that the fuel costs in the chart do not include variable O&M costs.

The reasons for this variability may be less important than the variability itself. As the chosen avoided resource is increasingly deferred by purchased capacity, the avoided cost calculation becomes more and more dependent upon an undependable benchmark.

Developers and other decision-makers who rely on avoided-cost calculations are exposed to this risk throughout the planning and approval process. Ratepayers are also exposed, as a calculation that relies too heavily on GRID may rule-out the qualification of long-term agreements at favorable prices, or enable the qualification of long-term agreements at unfavorable prices.

Submitted Respectfully,

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For Renewable Energy Advisors

This document will be submitted electronically to:

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