DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: RICK STERLING
DAPHNE HUANG

DATE: FEBRUARY 24, 2016 PAC-E-16-08

RE: REQUEST OF ROCKY MOUNTAIN POWER TO UPDATE THE WIND INTEGRATION CHARGE APPLIED TO ITS PURPA PUBLISHED AVOIDED COST RATES

On January 20, 2016, Rocky Mountain Power (Rocky Mountain; Company) submitted a request to update the wind integration charge which is applied as a discount to the Company's PURPA published avoided cost rates. The request was styled as a compliance filing under Case No. PAC-E-07-07. For reasons set forth below, Staff recommends that the Commission assign a new case number and issue an order granting the Company's request without further process.

BACKGROUND

A stipulation approved in Order No. 30497 instituted a wind integration adjustment to published avoided cost rates for wind qualifying facilities (QFs). In the stipulation, the parties agreed that "Rocky Mountain Power shall hereafter file notice with the Commission of any changes to its wind integration charge as reflected in subsequent changes to its [Integrated Resource Plan] IRP." Pursuant to the Order, wind integration costs were last updated in Case No. PAC-E-09-07.

On March 31, 2015, PacifiCorp filed its 2015 IRP with the Commission, and on October 9, 2015, the Commission acknowledged the Company's IRP. Order No. 33396. The 2015 IRP contains the 2014 Wind Integration Study. Appendix H to the 2015 IRP. The Company proposes that the wind integration adjustment to published avoided cost rates for wind QFs be

updated to reflect the costs determined in the 2014 Wind Integration Study, which calculates a wind integration rate of $3.06 per MWh.

STAFF REVIEW

Rocky Mountain's 2014 Wind Integration Study (Study) was prepared as a part of the Company's 2015 IRP. The Study engaged a technical review committee consisting of at least five recognized wind integration experts. Furthermore, the IRP process itself, of which the Study is an important part, is a public process involving months of analysis and includes active participation by numerous parties including Commission staff from multiple states, customer group representatives, environmental groups and other advocacy groups. Consequently, Staff believes there has already been ample opportunity for review and comment on the assumptions, analytical methods and results of the Study. Because Staff believes the Study has been adequately vetted already, Staff does not believe it is necessary or productive for the Commission to accept comments.

Staff believes that the $3.06 per MWh wind integration charge determined in the study is reasonable. The current wind integration charge is $6.50 per MWh as established in Order No. 31021, so the new proposed rate would be a decrease — to less than half of the current rate. Because the integration charge is applied as a discount to avoided cost rates, a decrease in the charge would be favorable to QFs; thus, Staff believes opposition to the change in the integration charge is highly unlikely.

Moreover, the wind integration charge is applied to published avoided cost rates, whose eligibility is now limited to wind facilities smaller than 100 kW. *See* Order No. 32697. Wind facilities smaller than 100 kW are very rare, and Staff knows of no planned wind projects that would be impacted by a change in the wind integration charge. Existing wind QFs will also not be impacted by the change because they will continue to be subject to the wind integration charges already contained in their contracts and that were established at the time each contract was signed.

RECOMMENDATION

Staff recommends that the Commission approve a wind integration charge of $3.06 per MWh to be applied to Rocky Mountain Power's published avoided cost rates without further process or procedure.

COMMISSION DECISION

Does the Commission wish to approve a wind integration charge of $3.06 per MWh to be applied to Rocky Mountain Power's published avoided cost rates without further process or procedure?

Rick Sterling

Rick Sterling

Daphne Huang

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