



PUBLIC MEETING

Utah Committee of Consumer Services

March 23, 2022



Misc. Updates

- Introduce new administrative assistant: Jennifer Dean
- Change in requirement for electronic meeting (HB22)
- Rate increases
 - RMP EBA + RBA just under 2% increase
 - DEU – 20% increase (anymore?)
 - DEU General Rate Case May 1 (any estimates?, need all new consultants)
- State Energy Plan
- Federal funds
- Primary emphasis:
 - MSP
 - PacifiCorp Resource selection process
 - Regional issues
 - Upcoming DEU rate case
 - Wide variety of other cases



Case Updates

- PacifiCorp Integrated Resource Plan
 - OCS recommended that the PSC should not acknowledge
 - Raised concerns about: inadequate process, inconsistent modeling that included some speculative resources and excluded other viable resources.
- PacifiCorp 2020 RFP
 - Rate recovery anticipated in upcoming EBA (which year?) and next general rate case (maybe 2024)
- Regional issues
 - Western EIM Governance Review Committee
 - Monitor WRAP
 - Organize Western Consumer Advocates
- Other questions?



Recap: 2022 Legislative Session (Passed)

- Legislation that Passed
 - HB215 Project Entity Oversight Board (started as a requirement that IPP file significant public information with the PSC, evolved into a new oversight board)
 - SB9 Project Entity Oversight Amendments (must follow OPMA, act consistent with procurement code)
 - S.B. 188 Energy Efficiency Amendments
 - HB 418 Grid Resilience Committee
 - HCR1, SCR3



Recap: 2022 Legislative Session (Didn't Pass)

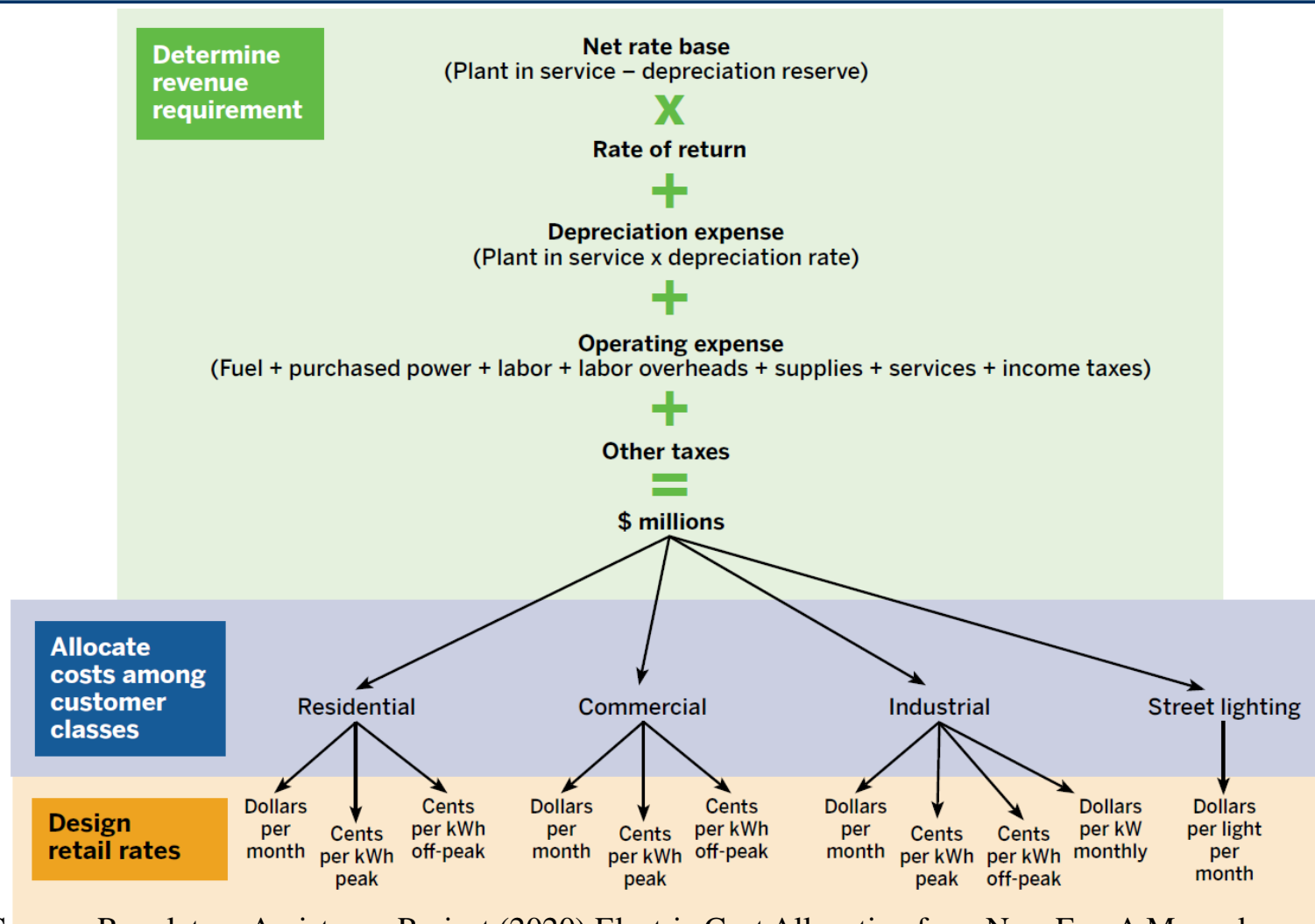
- Legislation that didn't pass or didn't go forward
 - HJR3
 - State Financial Contracts Amendments (Shipp)
 - Energy Production and Delivery Transparency (Ivory)
 - Energy Storage Amendments, Energy Storage Innovation, Research and Grant Program Act (Handy)
 - Regional Transmission Organization Act (Handy)
 - Utah Clean Energy Fund (Briscoe)
 - Fossil Fuels Tax Amendments (Kitchen)
 - Net metering/more extensive emissions reduction plan (project 2030)



Discussion: Residential Time-of-Use Rates

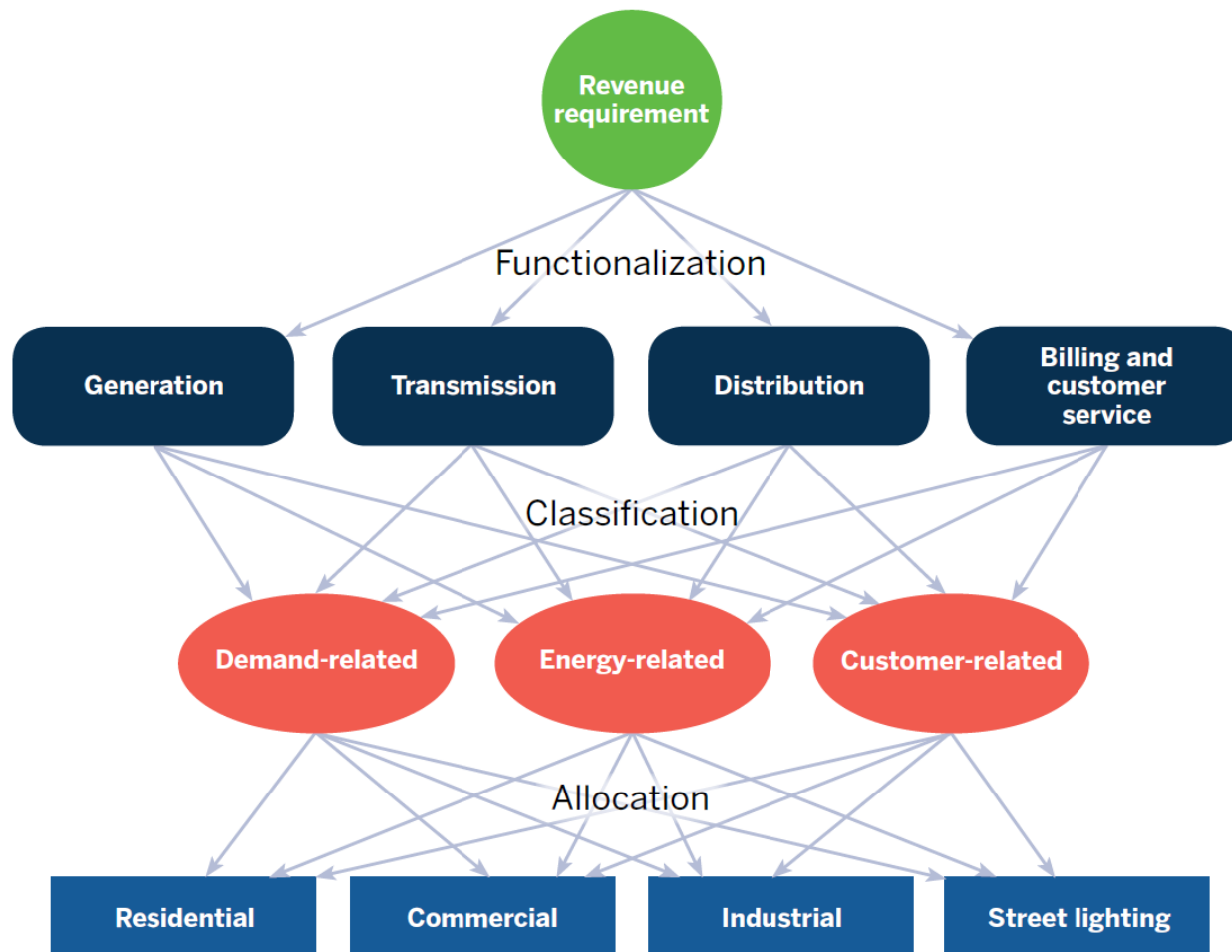


Review: Standard ratemaking process



Source: Regulatory Assistance Project (2020): Electric Cost Allocation for a New Era: A Manual

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Changes to Power System Affect Cost Allocation

Renewables

Renewable resources are replacing fossil fuels; replaces variable fuel costs with invested capital

Peaking Resources

Peaking resources are becoming closer to load centers which lowers the need for transmission line investments

Storage & Variable Costs

Improving storage technology has turned storage into a new peaking resource that lowers variable costs

Customer-Sited Resources

Increase in customer-sited resources such as storage and solar in the modern grid

Smart Grid Systems

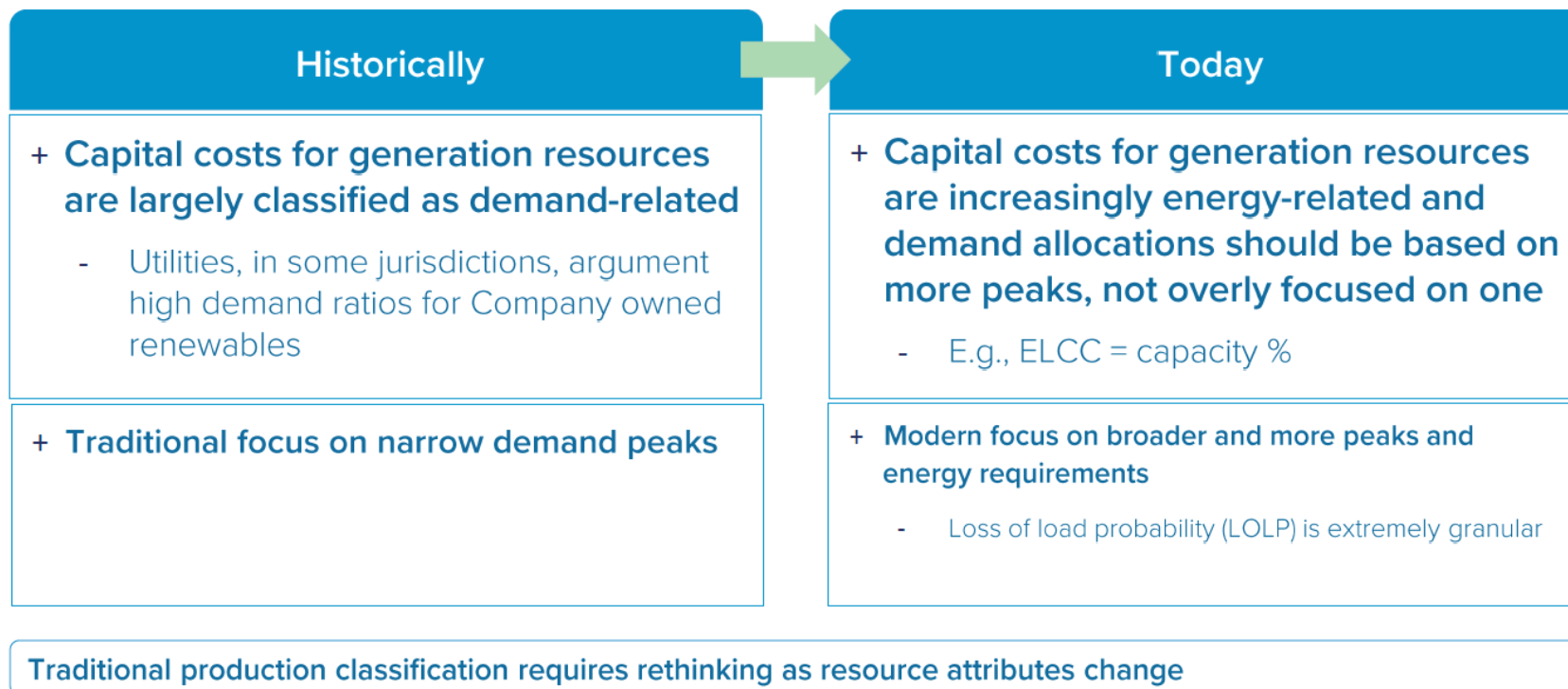
Smart grid systems including energy efficiency and demand response

There are several significant changes occurring within power systems

Source: Regulatory Assistance Project (2020), Electric cost allocation for a new era: A manual.

Modernizing Cost of Service Studies

Modern COS Studies: Practical Implications of System Changes





WECC WARA findings further suggest need for change

- Increasing variability and the need for urgency
 - Risks to resource adequacy in the Western Interconnection are likely to increase over the next 10 years as variability increases
 - If long-term resource adequacy issues are not addressed immediately, they may be insurmountable when they become near-term issues
- Changes in system strain
 - Times when the system is most strained no longer align with the peak hour
 - Variability is driving strain on the system
 - Planning Reserve Margins (PRM) are not adequately accounting for variability
- Change in reliance on imports
 - Changes on the system are affecting how and when entities can rely on imports



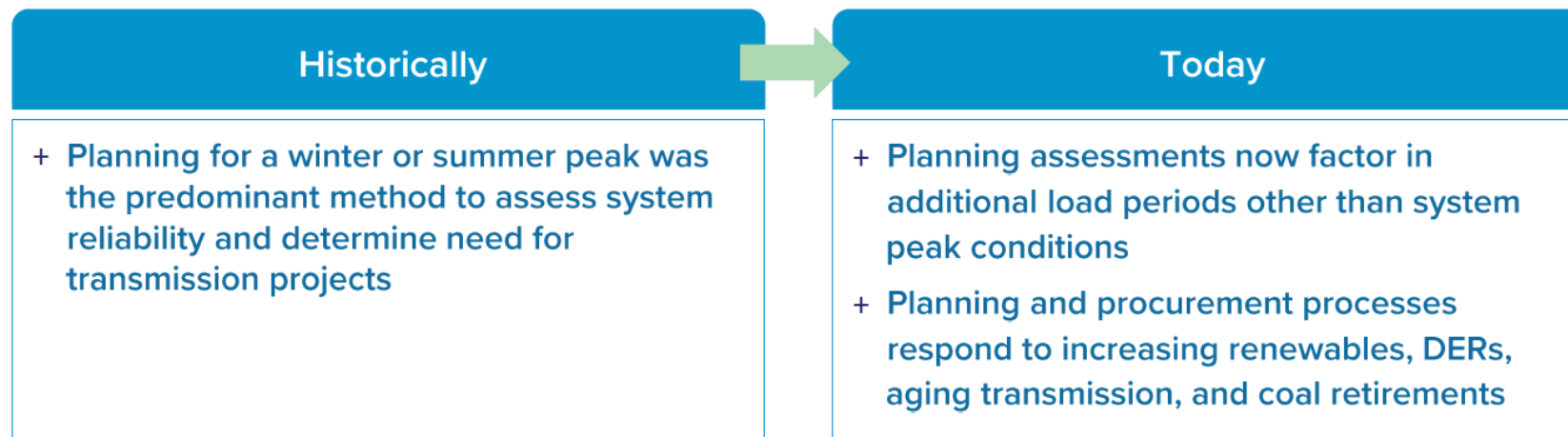
WECC Recommendations support allocation changes

- Entities need to act now to address long-term issues
- Entities should change the way they approach PRMs
 1. Calculate PRMs based on energy, not capacity
 2. Evaluate the most strained times on the system, not necessarily the peak hour
 3. Recalibrate PRMs when changes to demand or resources increase variability on the system
- Industry needs to change how it counts imports



Modernizing Cost of Service Studies

Example: Changes to Transmission Planning



“Planning for just a summer and/or winter peak no longer captures all of the reliability needs necessary to meet these dynamic and changing system conditions for other loading periods of the year.”

- Dominion Energy filing, 2019

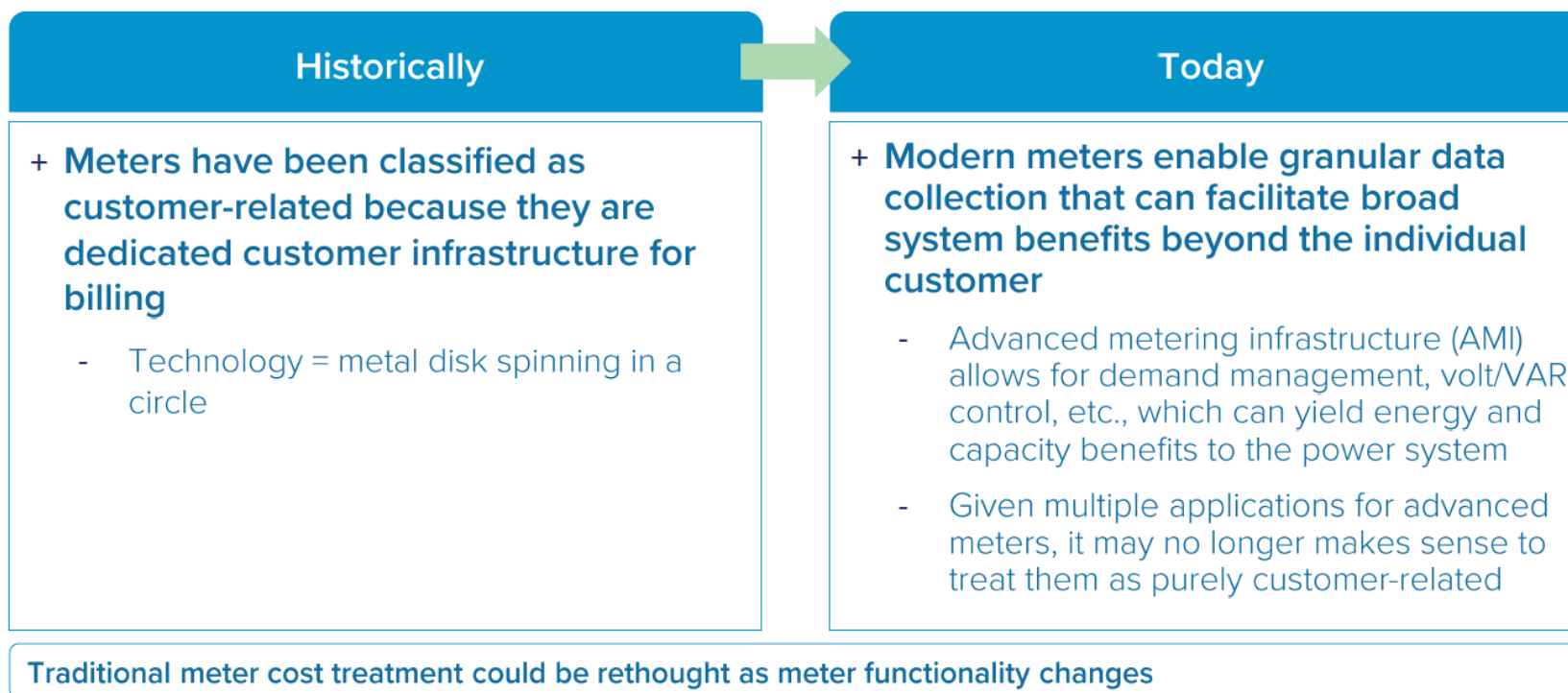
Traditional transmission cost drivers have changed – same for generation

Source: Virginia Electric and Power Company Response to June 14, 2019 Deficiency Letter; Docket No. ER19-1661-001.

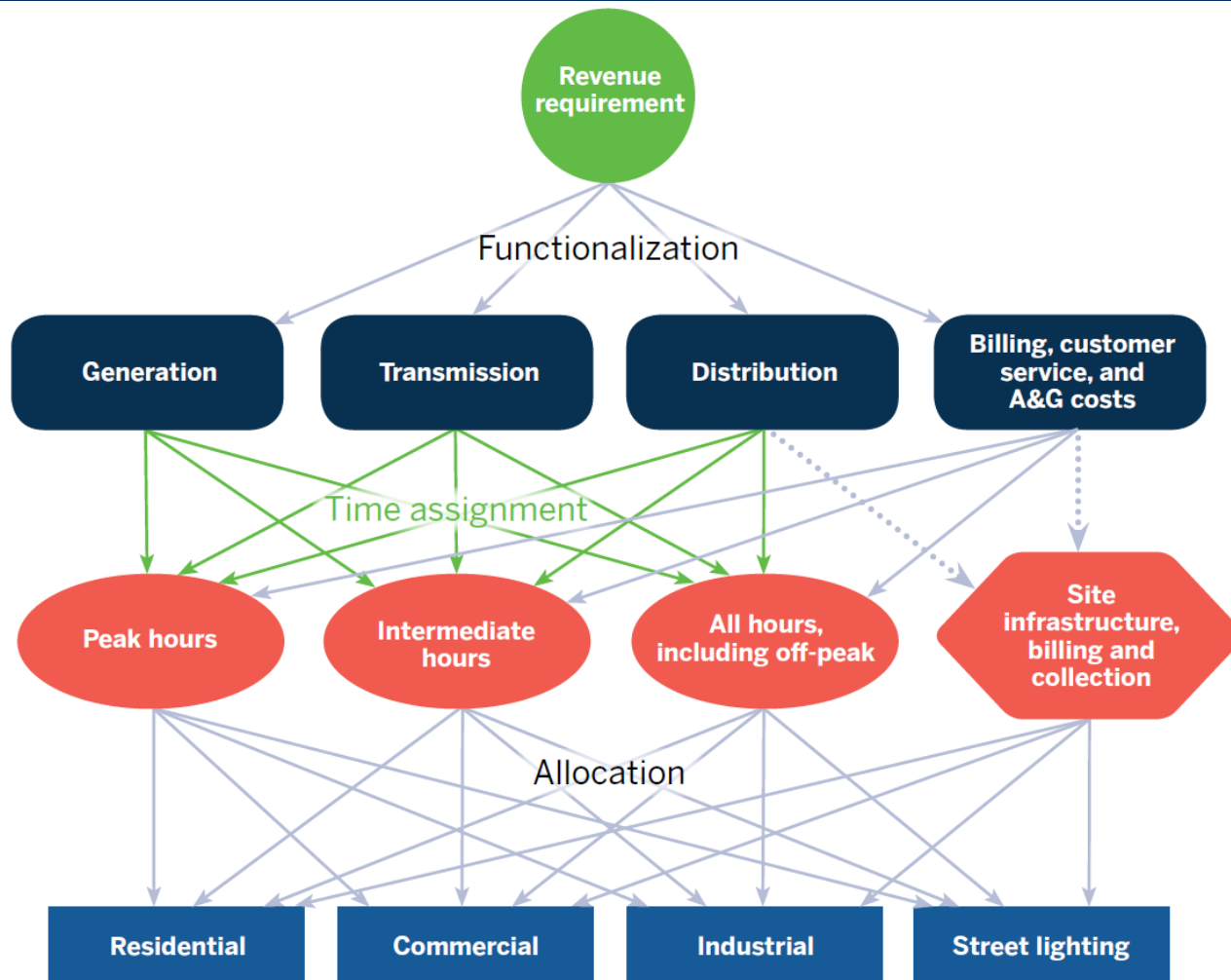


Modern Cost Study Issues: Distribution Level

Changes to Metering Cost Treatment



Potential changes in a modern cost of service study





Pros/Cons for Residential TOU Rates

- **Benefits**
 - Better matches the actual use of the system – therefore the rate design would promote most efficient use of existing system
 - If customers adjust consumption according to price signals, would result in most efficient expansion of the electric system
- **Challenges**
 - Customers understand the tiered rates. Understanding time of day differentials may take time.
 - The time periods of on and off may change over time. Critical peak or super off-peak could also be added over time. Will customers adjust to a rate schedule that is less durable?
 - Some customer will be able to adjust their consumption more, and will see bill savings. However, the customer class must still pay its full cost of service. Will this shift costs to those who cannot adjust behavior?
 - Mandatory time of use rates would maximize benefits and send proper price signals to all customers. Would mandatory TOU harm our most vulnerable customers?
- **Ideas**
 - Slow implementation, i.e. eliminate tiered rates and implement on/off peak with minimal price differential.
 - Opt-in or opt-out rate design
 - Two residential options: the default rate with a minimal price differential and an optional rate with a bigger differential
- **Pilots:** existing (but poorly designed) schedule 2, recently concluded schedule 2E, redesigned schedule 2E (scheduled to start late spring/early summer)



Discussion

- What are your initial thoughts?
- Do you have any concerns and/or recommendations?
- Would you like more background or education on these issues?
- Other



Other Business/Adjourn
