

Rocky Mountain Power
Exhibit RMP___(SRM-R1)
Docket No. 16-035-36
Witness: Steven R. McDougal

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Exhibit Accompanying Rebuttal Testimony of Steven R. McDougal

Data Request OCS 3.4

November 2016

16-035-36 / Rocky Mountain Power
October 21, 2016
OCS Data Request 3.4

OCS Data Request 3.4

Please document how the value of the replacement power will be determined when the Gadsby curtailment occurs. Will the replacement power be based solely on proxy due to dispatch modeling analysis or based on actual costs incurred resulting from the curtailment? If actual costs are not used, please explain why.

Response to OCS Data Request 3.4

The replacement power costs will be based on actual natural gas costs and actual market prices. The dispatch model would be used to determine if the Gadsby plant would have run and the amount of lost energy from the curtailed generation. The replacement power costs would then be calculated using actual costs in the following formula:

$$\text{Actual } NG_{WF} \times \text{Heat Rate}_G = \text{Generation Costs}_G$$

$$\text{Market Price}_{4C} - \text{Generation Costs}_G = \text{Spark Spread}$$

$$\text{Spark Spread} \times \text{Curtailed Generation} = \text{Replacement Power Costs}$$

Where:

Actual NG_{WF} = Actual Natural Gas Cost per MMBTU for Wasatch Front

Heat Rate $_G$ = Gadsby Heat Rate from Dispatch Model

Generation Costs $_G$ = Gadsby Generation Costs per MWh

Market Price $_{4C}$ = Actual Monthly Four Corners Market Price