

Energy Balancing Account (EBA)

Report to Public Utilities, Energy, and Technology Interim Committee

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Presented by:

Thom Carter, Vice President, Government Affairs

Joelle Steward, Senior Vice President, Regulation

Energy Balancing Account - Overview

- EBA was initially authorized by the Utah Public Service Commission in 2011
- EBA is a true-up mechanism that recovers variances between actual net power costs and the forecast amount set in base rates in a general rate case
 - Net power costs are the costs of fuel, purchase power, and transmission wheeling expense, net of revenues for wholesale sales and third-party wheeling over PacifiCorp's transmission
 - Net power costs currently represent approximately 40% of the average residential customer's bill
 - Up from approximately 20% of average residential customer's bill in 2021
- Power cost mechanisms like the EBA are a common regulatory tool to address the variable costs of providing energy

EBA Process and Recent History

- Filed annually on May 1 for recovery of variances in NPC from the prior calendar year
- Filing includes documentation and support for requested recovery based on actual power cost expenses and revenues from prior calendar year
- Statutory timeline for commission decision is 300 days
- Typical procedural schedule gives Division of Public Utilities and its consultant, along with other intervenors, approximately six months to conduct audit and prudence review before filing recommendations with the commission
- In addition to filing requirements, RMP responds to approximately 200 data requests on the filing

- **Recent PSC findings:**

CY 2021 – PSC disallowed costs related to an outage at coal plant due to incorrect installation of part that caused outage

CY 2022 – PSC disallowed costs related to a temporary plant derate at coal plant due to supply issue

Recent EBA Filings and Outcomes				
Deferral Year	RMP Requested (\$m)	DPU Proposed Adj (\$m)	PSC Final Approved (\$m)	Note
2019	36.8	-2.7	36.8	
2020	6.6	-0.05	6.6	Settlement
2021	90.6	-15.1	90	
2022	175.0	-7.2	175.0	

Managing NPC Increases

- **Major drivers of recent increases:**

- Wholesale power and natural gas prices
 - Regional market prices have seen extraordinary increases since 2020
 - Prices at Mid-Columbia trading hub up 170%
 - Opal gas trading hub up 95%
- Extreme weather events
- Coal supply constraints

Year	(\$)
2020	1,511,314,189
2021	1,714,607,879
2022	2,040,318,303
2023	2,555,124,438

- **RMP efforts to proactively manage rising NPC:**

- Participation in Western Energy Imbalance Market
 - \$847m in benefits since 2014 - \$154m in benefits in CY 2023
<https://www.westerneim.com/Pages/About/QuarterlyBenefits.aspx>
- Plan to join new Extended Day Ahead Market
- Pursue generation and transmission investments for balanced portfolio