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Division of Public Utilities

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*Director, Division of Public Utilities*

**MEMORANDUM**

To: Utah Public Service Commission

From: Utah Division of Public Utilities  
Philip Powlick, Director  
Artie Powell, Energy Section Manager  
Abdinasir Abdulle, Technical Consultant  
Sam Liu, Utility Analyst II

Date: February 1, 2010

Ref: Docket No. 10-035-T1. Advice Filing 10-01  
Schedule 70 – Renewable Energy Rider - Optional (Blue Sky Block Program)  
Schedule 72 – Renewable Energy Rider – Optional Bulk Purchase Option (Blue Sky Block Program)

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**RECOMMENDATION (approval)**

With one condition described herein, the Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve the Rocky Mountain Power (Company) application to add pipeline or irrigation canal hydroelectric systems to the list of eligible resources in Electric Service Schedule 70, Renewable Energy Rider - Optional (Blue Sky Block Program) and Schedule 72, Renewable Energy Rider - Optional Bulk Purchase Option (Blue Sky Block Program) for the State of Utah. The Division recommends that the Company add language to the tariff clarifying that the technology will be applied to existing pipelines or canals only.

The Company requested an effective date of February 8, 2010.

**ISSUE**

On January 8, 2009, the Company submitted its proposed Tariff changes to Schedule 70 - Renewable Energy Rider - Optional (Blue Sky Block Program) and Schedule 72 - Renewable Energy Rider - Optional Bulk Purchase Option (Blue Sky Block Program). The proposed tariff

changes in these schedules are the addition of pipeline or irrigation canal hydroelectric systems into the Renewable Energy Technologies that are eligible for Utah customers support through the Blue Sky program resources.

## **DISCUSSION**

According to the Company's application, it has recently become aware of a hydro generation technology that would produce power if applied to irrigation canal and water pipeline systems. This technology is based upon a generating turbine that is used to replace pressure relief valves on irrigation canals and water pipelines. Because the tariff indicates that hydrogeneration projects are eligible for the support of the Blue Sky customers only if they are certified low impact hydroelectric or are wave or tidal action projects, the proposed technology is not an eligible resource. The Company indicated, in its application, that, though this technology is LIHI certifiable, the cost and administrative burden associated with the certification is prohibitive for smaller facilities. Consequently, the Company is requesting that the Commission waive the certification requirement and include this technology in the list of technologies that qualify for Blue Sky customer support as a separate technology.

The Division investigated the costs associated with the certification by reviewing Attachment C (Certification Program Fee Schedule) of the LIHI Certification Program<sup>1</sup>. Based on this document, the most expensive certification costs would be for a project of 10 MW, the maximum allowed under the tariff, and a capacity factor of 50% or more. The certification cost for a project of this type would be \$5,000 as a process fee (due with the application) and a \$750 annual renewal fee. The minimum certification fees are \$1,600 for processing and an annual fee of \$240. Without information for a particular customer proposing a community project, the Division cannot determine whether these costs are prohibitive.

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<sup>1</sup> <http://www.lowimpacthydro.org/userfiles/file/CertificationPackage-December%202007.pdf>

However, the Company provided the Division several examples of irrigation canal and pipeline projects certified by LIHI from the LIHI web site<sup>2</sup>. After reviewing the information, the Division concluded that these examples did not list any technologies that were certified. Subsequently, the Division found out through a telephone conversation with LIHI that LIHI does not certify specific technologies. They certify the entire project by looking into the incremental environmental impact of the project.

However, as indicated by Mr. Fred Ayer from LIHI, the Division believes that, if the projects that will be applying the proposed technology will be replacing the pressure valves of an already existing irrigation canal or pipeline with turbines, the incremental environmental impact of these projects will be negligible. Therefore, the Division recommends that the Commission approve the Company's application effective February 8, 2010, with the requirement that the Company add language to the two tariffs requiring that this technology will be applied only to an existing irrigation canal or pipeline by replacing its pressure valves.

cc: Rea Petersen, DPU  
Dave Taylor, RMP  
Jeff Bumgarner, RMP  
Michele Beck, OCS

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<sup>2</sup> <http://www.lowimpacthydro.org/application-details.aspx?id=89>  
<http://www.lowimpacthydro.org/application-details.aspx?id=86>