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# State of Utah
## DEPARTMENT OF COMMERCE
## Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: July 1, 2019

Re: In the Matter of Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2019 Annual Report - Docket No. 19-035-25.

**Background**

On May 31, 2019, Rocky Mountain Power (Company) filed its Solar Photovoltaic Incentive Program (Schedule 107 or Program) Annual Report (2019 Report) which presents Program results through May 8, 2019. On June 3, 2019, the Public Service Commission (Commission) issued a notice of filing and comment period allowing interested parties to submit comments on PacifiCorp's 2019 Report on or before Monday, July 1, 2019, and reply comments on or before Tuesday, July 16, 2019. Accordingly, the Office submits the following comments on the 2019 Report.

The 2019 Report is submitted in compliance with the Commission's October 1, 2012 Order (Docket No. 11-035-104) providing authority for the Company to implement a Solar Incentive Pilot Program and requiring that the Company provide annual reports on the Program. This is the Company's sixth annual report on the Program.

Reporting requirements for the Program were modified in the Company's 2018 annual Solar Photovoltaic Incentive Program report (Docket No. 18-035-24), because the Program had stopped accepting new applications as of December 31, 2016. Current reporting requirements include:
1) Program total for interconnected projects
2) Production meter data for large non-residential projects (Attachment B)
3) Program account summary
4) Projected expenditures by year

5) Renewable energy certificates
6) System specific information (Attachment A)
7) Reconcile to information presented in annual STEP reports
.

**Discussion**

The 2019 Report includes summarized information from Program years 2013, 2014, 2015 and 2016. Pursuant to Section 54-7-12.8(4) of Senate Bill 115[1] the Program has ended and the Company stopped accepting new applications for the solar incentive program on December 31, 2016. The Company lists the revised reporting requirements on page 1 and identifies where the information was located in the prior annual report and where it is located in the 2019 Report. The Office found this information helpful in comparing the 2019 Report to prior reports and we appreciate this extra step taken by the Company to assist the reader.

*Goal of Program*

Initially the five-year Program was intended to encourage the development of 60 Megawatts (MW) of distributed solar generation capacity. With the passage of Senate Bill 115, ending the Program on December 31, 2016, the Program life was reduced to four years. Therefore, the capacity target was reduced to 44.5 MWs.

*Compliance with Commission Reporting Requirements*

As required by the Commission's September 18, 2018 Order in Docket No. 18-035-24[2] the 2019 Report includes: program total for interconnected projects, production meter data for large non-residential projects, program account summary, projected expenditures by year, renewable energy certificates, surrendered deposits[3], and reconciliation to information presented in annual STEP reports.

*Program Totals for Interconnected Projects*

The 2019 Report includes Table 1, below, showing completed projects by program year for 2013 through 2016.

[1] Senate Bill 115 passed in the 2016 Utah state legislature.
[2] The September 18, 2018 Order included Docket Nos. 11-035-104, 14-035-71, and 18-035-24.
[3] Surrendered deposits will not be included in future reports unless the data changes.

**Table 1. Completed Projects**

| Program Year | Residential | Small Non-Res | Large Non-Res | Total |
|---|---|---|---|---|
| 2013 | 130 | 98 | 7 | 235 |
| 2014 | 140 | 90 | 11 | 241 |
| 2015 | 140 | 215 | 14 | 369 |
| 2016[1] | 141 | 202 | 19 | 362 |
| **Program Total** | **551** | **605** | **51** | **1,207** |

Total installed capacity kW $_{CSI-AC}$, is shown by year in Table 2 of the 2019 Report.

**Table 2. Installed Capacity kW $_{CSI-AC}$**

| Program Year | Residential | Small Non-Res | Large Non-Res | Total |
|---|---|---|---|---|
| 2013 | 358 kW | 1,752 kW | 2,383 kW | 4,493 kW |
| 2014 | 447 kW | 1,565 kW | 3,729 kW | 5,741 kW |
| 2015 | 516 kW | 3,954 kW | 4,212 kW | 8,682 kW |
| 2016[1] | 528 kW | 4,135 kW | 6,629 kW | 11,292 kW |
| **Program Total** | **1,849 kW** | **11,406 kW** | **16,953 kW** | **30,208 kW** |

Program total completed projects for all customer groups reached 1,207; resulting in a total installed capacity kW of 30,208 kW.

*Production Meter Data for Large Non-Residential Projects*

Attachment B provides the Large Non-Residential Production Data by customer. This information is important because these large customers receive incentives based on actual production of their solar resource. In the 2019 Report, several cells contain yellow or blue highlights. The Company noted for cells with yellow highlighting “Data was modified between 2018 and 2019 reports “and blue indicated, “Final read affiliated with payments”. The Office sought further clarification of the significance of the yellow and blue highlights; the Company responded as follows:

**Response to OCS Data Request 2.2**

Yellow Highlights: As noted in the question the yellow highlights reflect production reads that differ from the information provided in the 2018 report. In these cases anomalies in the production meter reads were identified during the creation of the 2018 report. Typically this included sending metering personnel out to the site to conduct manual reads and test the production meter. At the time of providing the 2018 report, the corrected data was not available to provide.

The yellow highlights reflect the reads that were modified with the correct data and thus differ from the previous report.

Blue Highlights: The blue highlights reflect the final meter read used for calculation of the final incentive payment to the project. Thus projects with a cell with a blue highlight have received all incentive payments due to that project.

The Office also noted that on Attachment B the following Application numbers show no generation data for 2018: RMP 01055, RMP 20742, RMP 31161 and RMP 32610. In data request OCS 2.1, the Office asked about the status of those projects and if the Company anticipates paying for any future generation from those projects?

The Company responded as follows:

**Response to OCS Data Request 2.1**

Projects RMP-01055, RMP-21742, and RMP-31161 did not install a production meter base at the facility at the time of interconnection. Without a production meter base we are unable to verify production at the facility and have been withholding payment. The Company has attempted to communicate the requirements to the customer and the installation contractor on numerous occasions and has discontinued efforts to have the production meter installation completed. So at this time the company does not anticipate providing payments to these projects.

Project RMP-32610 has installed a production meter base, but it was done incorrectly, thus the installed production meter has not been able to track production. The company continues to work with the customer to have them modify the installation of the production meter base, but the response from the customer has been slow. Thus the Company believes there is a higher probability that this project begins to conform with program requirements and receives the corresponding production payments then the previous three projects.

The Office sought additional clarification on the issue through OCS data request 4.1, which together with the Company's response follows:

**OCS Data Request 4.1**

Please refer to the Company's response to OCS 2.1 regarding Application number RMP 01055, RMP 21742, RMP 31161 and RMP 32610. If those customers were to correct the deficiencies in 2019 when would incentive payments end? If deficiencies are corrected in 2020 when would incentive payments end?

**Response to OCS Data Request 4.1**

| Project | Interconnection Date | Four Years from Interconnection | Eligible Remaining Payments |
|---|---|---|---|
| RMP-01055 | 10/17/2014 | 10/17/2018 | 0 |
| RMP-21742 | 10/19/2017 | 10/18/2021 | 3 |
| RMP-31161 | 2/20/2018 | 2/20/2022 | 3 |
| RMP-32610 | 12/12/2017 | 12/12/2021 | 3 |

The Tariff does not specifically address this issue of late compliance with the requirement to install a production meter base. The Company believes it is reasonable that, should a customer install a production meter in compliance with the rule, they have the ability to receive funding for the remaining years of their incentive eligibility. The review year, for calculating compliance with the 85% production minimum, would start on the first complete month of production after the installation of the production meter. For clarity review the table below.

| Installation Month of the Production Meter | Eligible Remaining Payments |
|---|---|
| 0 - 12 months after interconnection | 4 |
| 13 - 24 months after interconnection | 3 |
| 25 - 36 months after interconnection | 2 |
| 37 – 48 months after interconnection | 1 |

Although, as the Company notes, the tariff does not specifically address the issue of late compliance with requirements, the Office believes the Company's view is appropriate.

*Program Account Summary and Projected Expenditures*

The Company provides an account summary of the program for year 2012 through 2019 in Table 4 on page 3, while Table 5 provides the USIP projected expenditures from May – Dec of 2019 through 2023, by which time all program costs should be finalized.

## Table 4. USIP Account Summary

Utah Solar Incentive Program Account - Through May 8, 2019

| | Order | Program Total | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Program Revenue | | (26,525,413) | (961,324) | (6,293,704) | (6,320,828) | (6,317,639) | (6,323,285) | (308,633) | | |
| Program Expenditures: | | | | | | | | | | |
| Incentive | 331190, 338901 | | - | 981,796 | 2,328,676 | 3,292,006 | 4,884,763 | 4,766,963 | 3,459,713 | 1,107,819 |
| ogram Administration | 331191; 338902 | | - | 253,665 | 322,664 | 173,248 | 412,866 | 94,788 | 27,098 | 273 |
| Marketing | 331192; 338903 | | 55,905 | 35,744 | 25,995 | 14,515 | 336 | - | - | - |
| rogram Development | 331193' 338904 | | 30,748 | 99,140 | 577 | - | - | - | - | - |
| Expired Deposits | 331194; 338905 | | - | - | - | (36,821) | (103,963) | (99,568) | - | (157,638) |
| | 408641 | | | | | | | - | - | |
| Cool Keeper program | | | - | - | - | - | (200,000) | - | - | - |
| Total Expenditures | | 21,771,306 | 86,653 | 1,370,345 | 2,677,912 | 3,442,948 | 4,994,002 | 4,762,182 | 3,486,811 | 950,454 |
| Interest | | (3,502,303) | (5,995) | (219,165) | (473,909) | (721,712) | (685,628) | (627,425) | (569,938) | (198,532) |
| USIP Account Balance | | (8,256,410) | | | | | | | | |

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| USIP Account Balance | | (8,256,410) | | | | | | | | |

## Table 5. USIP Projected Expenditures

| | May- Dec 2019 Total | 2020 Total | 2021 Total | 2022 Total | 2023 Total | Program Totals |
|---|---|---|---|---|---|---|
| Adminstration | $ 5,100.00 | $ 15,900.00 | $ 15,900.00 | $ 15,900.00 | $ 14,300.00 | $ 67,100.00 |
| Incentive Payouts | $ 1,503,669.78 | $ 1,773,186.66 | $ 1,184,331.85 | $ 668,101.91 | $ - | $ 5,129,290.18 |
| Total Program Costs | $ 1,508,769.78 | $ 1,789,086.66 | $ 1,200,231.85 | $ 684,001.91 | $ 14,300.00 | $ 5,196,390.18 |

## Table 5. USIP Projected Expenditures

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| Total Program Costs | $ 1,508,769.78 | $ 1,789,086.66 | $ 1,200,231.85 | $ 684,001.91 | $ 14,300.00 | $ 5,196,390.18 |

The Company states that it "anticipates a substantial remaining balance" of USIP funds and is in the process of developing a proposal for the use of the funds. The Company plans to file with the Commission a proposal within 60 days of filing this 2019 Report. The Office looks forward to reviewing and providing input to the Company's proposal for the use of the remaining balance of USIP funds.

*Renewable Energy Certificates*

The 2019 Report includes the quantity of RECs from program inception through May 2019. The Company states that due to the complexity and expense of registering the small generation facilities through Western Renewable Energy Generation Information System, the program is not currently creating RECs that can be transferred or retired. The Company further notes, "as discussions regarding the implementation of Senate Bill 202 progress the process through which these renewable energy attributes or RECs may be utilized for compliance should be determined".

The Office recognizes the complexity and expense that may be required to certify and retire RECs from the Program. Potentially, at some future point the benefit may outweigh the expense. Until such time we understand the Company's reluctance to incur the expense involved with registration and retirement of these RECs.

*System Specific Information*

Attachment A contains system specific information for each project. The data is presented for years 2014, 2015 and 2016. For each system the following information is provided, where applicable: Application number; host customer sector; initial payment; one-time payment; incentive amount; total system cost; nameplate rating; CSI rating; incentivized size; city; county; zip code; incentive payment date; assumed RECs per month; and assumed RECs for various years. Attachment A provides a good overview of Program participant details.

*Reconciliation to the Annual STEP Report*

The Company states that Table 4 (USIP Account Summary – shown below) of the 2019 Report was also provided as Table 2 (page 16.0) in the annual STEP report for calendar year 2018 (Docket No. 19-035-17). The program total USIP account balance (Table 4) is ($8,256,410) but on STEP Report Table 2 the amount is ($8,588,045) a difference of $331,635. A "reconciliation workpaper of USIP account detail between USIP annual report to STEP annual report" is provided in this filing. In the workpapers the Company explains the variances between the reports and identifies the adjustments necessary to correct the STEP Report (Table 2) to match the amounts in Table 4 of the 2018 Report. The Office appreciates the Company's inclusion of the workpapers and found the explanations to be helpful in reconciling the differences in the two reports.

*Surrendered Deposits*

Table 3 of the 2019 Report provides a breakdown of Surrendered Deposits for Program Years 2013, 2014, 2015 and 2016. The information does not precisely match what was provided in the 2018 report but the Company explains where and why true-ups to the numbers occurred. The amounts on Table 3 reflect the final surrendered deposits; this information will not be included in future reports unless there is some change to the data. The total amount of surrendered deposits is $396,990.35.

*Concluding Comments*

The Office believes that the 2019 Report complies with current Commission reporting requirements for the Solar Photovoltaic Incentive Program Annual Report. The Office found the level of detail and explanation provided in the Report to be useful and we appreciate the Company's efforts in providing the information.

**Recommendations**

The Office recommends that the Commission acknowledge the Company's 2019 Report as meeting the Commission's reporting requirements.

CC: Chris Parker, Division of Public Utilities
Jana Saba, Rocky Mountain Power