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CHRIS PARKER  
*Director, Division of Public Utilities*

## Action Request Response

**To:** Utah Public Service Commission

**From:** Utah Division of Public Utilities  
Chris Parker, Director  
Artie Powell, Energy Section Manager  
Bob Davis, Utility Technical Consultant

**Date:** July 1, 2019

**Re:** **Acknowledge, Docket No. 19-035-25** – Rocky Mountain Power’s Solar Photovoltaic Incentive Program (Schedule 107) 2019 Annual Report.

### Recommendation (Acknowledge)

The Division of Public Utilities (“Division”) has reviewed Rocky Mountain Power’s (“RMP”) Utah Solar Photovoltaic Incentive Program Annual Report (“Report”) for the January 1, 2018, through May 8, 2019 reporting period, and finds that it meets the Utah Public Service Commission’s (“Commission”) past Orders and Letters. Therefore, the Division recommends the Commission acknowledge RMP’s Report.

### Issue

On May 31, 2019, RMP filed with the Commission its Utah Solar Photovoltaic Incentive Program (“USIP”) Annual Report for the 2018 program year. On the same day, the Commission issued an Action Request to the Division asking it to review the Report for compliance and make recommendations by July 1, 2019. This memorandum is the Division’s response to that request.

## Background

The Commission issued its Order in Docket No. 11-035-104, Utah Solar Incentive Program (“Program”), on October 1, 2012. The Commission’s Order requires RMP to file a report for each program year by June 1 of the following year.

The Order specifies that RMP’s annual report shall include the number of applications, the number and size of completed installations, the total costs of all completed installations, generation data for large systems, and the number, if any, of surrendered deposits.<sup>1</sup> RMP will provide cumulative data and data from each program year in the annual report as the program progresses.

At the conclusion of the Division’s 2014 review, the Division requested that additional information be included in future reports. To account for projects not completed at the time of the report, the Division suggested data be included for all sections of the report for previous program years, current program year, and cumulative totals. The Division requested the following additions to the System Specific Information included in Attachment A: date of deposit, completion date of project, date of incentive payout, subtotals for each sector, and grand totals.

RMP uses a balancing account to track USIP program costs. The Division requested that summary entries and account balances be included in future annual reports. Upon conclusion of RMP’s annual report for year ending 2014, the Commission accepted the Division’s requests and the Office of Consumer Service’s (“OCS”) suggestion that RMP provide a line in the summary showing the expired deposits and a footnote or explanation of the variance between Attachment A numbers for (kW<sub>CSI-AC</sub>) and those contained in the report.<sup>2</sup>

On December 29, 2016, the Commission issued its Order in the 16-035-21 docket “Acknowledging the 2016 Solar Photovoltaic Incentive Program Report, and Memorializing Bench Ruling Approving Settlement Stipulation.” Paragraph 14 of the Stipulation directs RMP to remove Special Condition 8, (Cool Keeper Program requirements of the Solar Incentive

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<sup>1</sup> Docket No. 11-035-104, In the Matter of the Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program. Issued October 1, 2012, page 10.

<sup>2</sup> See Docket No. 15-035-57, Commission Letter to Company dated August 24, 2015 at page 2 and OCS’s recommendation comments dated July 1, 2015 at page 3.

Program), in its entirety from Schedule No. 107. Additionally, in Paragraph 15, the Parties agreed that RMP would refund \$200,000 to the final Utah Solar Incentive Program balance regarding administration of the Cool Keeper Program requirements for Solar Incentive customers.<sup>3</sup>

On December 29, 2016, the Commission issued its Order in Docket No. 16-035-36 for Phase One of the Sustainable Transportation and Energy Plan Act effectively ending new participant entry to the Solar Incentive Program as of December 31, 2016 pursuant to Section 54-7-12.8(4) of Senate Bill 115 passed during the 2016 Utah legislative session.<sup>4</sup>

The Commission's Order required changes to several tariff schedules including Schedules No. 107 and No. 195. Revisions to Schedule No. 107 include language to stop accepting new applications for incentives after December 31, 2016, and Schedule No. 196 replaced Schedule No. 195. The tables in previous reports showing carry forward incentive dollars are unnecessary and no longer included.

The Commission, in its letter dated July 31, 2017, Docket No. 17-035-35, acknowledging RMP's 2017 Solar Photovoltaic Incentive Program (Schedule 107) Annual Report, directed RMP to include information regarding the disposition of Renewable Energy Credits from the Program as recommended by the OCS in its future reports.<sup>5</sup>

The Commission, in its Order dated September 9, 2018, approved RMP's request to eliminate several parts of the USIP Annual Report as redundant information, keeping only the information needed to track the program.

## **Discussion**

The Division concludes RMP's May 31, 2019 Report contains the information required by past Commission Orders and Letters. The column labeled (Incentivized Size kW<sub>CSI-AC</sub>) in Attachment A compared to (kW<sub>CSI-AC</sub>) shows the variance between the system kW capacity applied for and actual installed project capacity. To be consistent over the life of the program, RMP pays the incentive based on the application (kW<sub>CSI-AC</sub>) capped at the maximum size for the program

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<sup>3</sup> See Docket No. 16-035-21, Order Acknowledging The 2016 Solar Photovoltaic Incentive Program Report, and Memorializing Bench Ruling Approving Settlement Stipulation, dated December 29, 2016, Appendix, at page 3.

<sup>4</sup> See Docket No. 16-035-36, Phase One Report and Order, dated December 29, 2016, at page 15, ¶ 2.

<sup>5</sup> See <https://pscdocs.utah.gov/electric/17docs/1703535/295623CorresWiderburg7-31-2017.pdf>, at page 2.

sector, (i.e., large non-residential: 1 MW, small non-residential: 25kW, and residential: 4 kW). The maximum incentive is established during the customer's initial application. The column labeled (Incentivized Size kW<sub>CSI-AC</sub>), illustrates the amount that ties to the report (Tables 1 and 2 of this year's report).

Attachment B, Large Non-Residential Production Data, appears to be complete and free from error. RMP uses the National Renewable Energy Laboratory's ("NREL") PV Watts estimating tool to determine if the generation facility meets the 85-percent rule requirement in Schedule 107.<sup>6</sup> The Division has not confirmed the outcome of this requirement as it does not have the necessary input information for NREL's estimating tool. The Division has no reason to believe RMP is not enforcing the 85-percent requirement and adjusting incentives as required.

The Division notes that RMP replaced Table 15 with Table 4, USIP Account Summary in this year's report. Table 4 also corresponds to Table 2, page 16, of RMP's annual STEP report for year 2018.<sup>7</sup> RMP has not accepted any new USIP participants since December 31, 2016. The allowable time for installations to be completed for Residential, Small Non-Residential, and Large Non-Residential has expired. The incentives for all customers on the USIP Program are included in Table 4 and Table 5 (USIP Projected Expenditures), which provides the projected expenditures through 2023.

Table 4 illustrates \$26,525,413 of revenues, \$21,771,306 of expenditures, and \$3,502,303 of interest carrying charges through May 8, 2019. However, Table 2 of the STEP 2018 Annual Report illustrates \$26,216,780, \$20,822,775, and \$3,194,039, respectively. RMP provides a reconciliation of the discrepancies in RMP Workpaper 1 – 2019 USIP Report 5-31-2019. The Division notes that Table 2, contained in the 2018 Annual Report, needs updated to reconcile with Table 4 of the USIP Report, which contains the correct current amounts.

Table 5, USIP Projected Expenditures, illustrates the administrative and incentive payouts through 2023. The \$5,196,390 of total expected expenditures compared to the current

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<sup>6</sup> See

[https://www.rockymountainpower.net/content/dam/rocky\\_mountain\\_power/doc/About\\_Us/Rates\\_and\\_Regulation/Utah/Approved\\_Tariffs/Rate\\_Schedules/Solar\\_Incentive\\_Program.pdf](https://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Solar_Incentive_Program.pdf), Incentives: (Continued), Sheet No. 107.5.

<sup>7</sup> Rocky Mountain Power's Second Annual Sustainable Transportation and Energy Plan Act ("STEP") Program Status Report, Docket No. 19-035-17, April 30, 2019, page 16.0, Table 2 – USIP Account Summary (with Electric Service Schedule 107 revenues only).

USIP account balance of \$8,256,410, results in a projected excess USIP balance of \$3,060,020 at the end of 2023. Revenues collected from customers for USIP incentives through Schedule 196 are not needed any further. In Docket No. 16-035-36, STEP Phase Five, RMP requests that the Commission approve a project that will be funded from approved unused STEP USIP revenues (USIP was originally funded with \$12,920,558) and other monies funded through the STEP Program to fund the ARMS project.<sup>8</sup> RMP claims that it is in the process of developing a proposal for the use of the projected \$3,060,020 excess and will file its proposal with the Commission within 60-days of filing of this report.

Expired deposits offset administrative and marketing expenses to run the program. Table 4, for the cumulative period of 2012 through 2019, shows \$397,990 of expired deposits.<sup>9</sup> At the conclusion of the USIP Program on December 31, 2016, Residential and Small Non-Residential had 12 months to complete projects from the time the capacity reservation was secured.<sup>10</sup> Large Non-Residential customers had 18 months from the time the reservation capacity was reserved.<sup>11</sup> Residential and Small Non-Residential installations had to be completed by December 31, 2017, and Large Non-Residential had to be completed by June 30, 2018. Thus, no more projects are pending to receive incentives or potential of surrendered deposits in succeeding years. The Division concludes these expired credits offset USIP program costs and are reflected in the USIP expense reported in the STEP program.

RMP provides the total renewable energy certificates (“RECs”) obtained from projects affiliated with the program and provides both annual and cumulative totals. RMP calculates the participant’s RECs the first full month after the incentive is paid. The calculation is based on a factor of 0.023 RECs per month, per incented (kW<sub>CSI-AC</sub>). Attachment A includes the incentive payment date, the assumed monthly REC total, and the total assumed RECs through May 2019.

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<sup>8</sup> Rocky Mountain Power, Docket No. 16-035-36, Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Plan Act, Phase Five, March 8, 2019, Table 1 – Updated STEP Funding Budget, page 4.

<sup>9</sup> The Division notes that Table 3, page 2, of the Report does not tie directly to Table 4. However, the total surrendered deposits is the same amount of \$397,990.

<sup>10</sup> See RMP Tariff Schedule No. 107, Program Process, ¶6. RMP claims in its Report that residential and small non-residential had to have their projects completed by December 31, 2017 to receive incentive funding.

<sup>11</sup> Customers would have until June 30, 2018 to complete projects for large non-residential projects approved by December 31, 2016.

RMP also includes information about the disposition of RECs. Registration with the Western Renewable Energy Generation Information System (“WREGIS”) for each participant in the program is complex and administratively expensive. Customers may register their own generation facilities with WREGIS but have not done so. RMP claims these obstacles make the RECs difficult to transfer or retire. RMP reports 24,596 total RECs in Table 6 of this year’s report.

## **Conclusion**

The Division concludes RMP’s May 31, 2019 Report contains the information required by past Commission Orders and Letters. The information contained in the Report includes cumulative program data through May 8, 2019. Table 4 provides the account summary entries and account balance including expired deposits.

The Commission issued its Phase One Order for the Sustainable Transportation and Energy Plan Act on December 29, 2016, effectively ending new participant entry to the Solar Incentive Program as of December 31, 2016. This year’s report contains the remaining Large Non-Residential customers that had projects pending completion in 2018. The STEP program will continue paying USIP administrative and incentive expenses of approximately \$5,196,390 through 2023. RMP plans to file a proposal with the Commission within 60-days asking for approval to spend the \$3,060,020 remaining balance of unused USIP funds. The Division concludes that this USIP report reconciles to information contained in the second annual STEP Status Report filed with the Commission on April 30, 2019 mentioned herein.

The Division recommends the Commission acknowledge RMP’s Utah Solar Photovoltaic Incentive Program Annual Report filed on May 31, 2019.

Cc: Joelle Steward, RMP  
Jana Saba, RMP  
Michele Beck, OCS