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Department of Commerce

Division of Public Utilities

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Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Justin Christensen, Utility Analyst

Date: January 28, 2020

Re: **Docket No. 19-035-46**, Rocky Mountain Power's Utah Carbon Reduction Progress Report

Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) acknowledge Rocky Mountain Power's (Company) Utah Carbon Reduction Progress Report as it appears to be in compliance with the Utah Energy Resource Procurement Act, Title 54 Chapter 17 Section 604.

Issue

On December 31, 2019, the Company filed with the Commission its Utah Carbon Reduction Progress Report in compliance with the Utah Energy Resource Procurement Act. On December 31, 2019, the Commission issued an Action Request for the Division to review for compliance and make recommendations by January 30, 2020. This memo is in response to the Commission's Action Request.

Discussion

Utah Code Annotated § 54-17, Part 6 requires privately owned electric utilities and cooperative associations to develop and maintain a plan for implementing 20% renewable energy generation by the year 2025. A renewable energy progress report is to be filed by January 1 of each of the years 2010, 2015, 2020, and 2024. The electric companies are to report actual and projected renewable energy, qualifying energy for this target, cost or cost-effectiveness information, as well as describe issues and conditions impacting renewable energy and qualifying electricity markets, and make recommendations.

Included in the filing is the Company's Exhibit A which shows forecasted retail sales for 2022 of approximately 24,409,538 MWh. This forecast is consistent with the load forecast utilized in the 2019 Integrated Resource Planning (IRP), filed on October 18, 2019. The Company's adjusted retail sales of 23,787,314 MWh excludes from retail sales the Class 2 Demand Side Management (DSM) as well as line losses. Calculating the requirement for 20% renewable energy results in an estimated amount of 4,757,463 MWh. The Company's estimate amount of qualifying electricity for 2025 inclusive of actual and estimated banked renewable energy sources is 41,185,098 MWh. Based on these numbers, the Company is well positioned to meet or exceed the 20% target by 2025.

The Company uses its IRP process as a resource acquisition framework. The IRP allows the Company to identify a preferred portfolio that results in a low-cost resource, risk balance, and addresses environmental concerns. The 2019 IRP reported significant investments in renewable energy coupled with federal and state tax incentives that allow the Company to deliver hundreds of millions of dollars in savings to its customers. Wind and solar should dominate U.S. capacity additions for the next decade.

The Company has identified conditions that may have an impact on renewable energy sources or qualifying electricity markets as it progresses toward the 2025 target. These include:

- The availability of federal tax credits
- Wildlife habitat impacts
- Carbon regulation

- Other environmental regulations
- Energy Imbalance Market
- Cost and performance implications
- Transmission
- Other state and local policies

Utah Code Annotated § 54-17, Part 6 requires the Division to provide the Legislature with a summary report on the progress made by the electrical corporations by January 1, 2021. The Division will provide a more comprehensive review of Rocky Mountain Power's Utah Carbon Reduction Progress Report, along with the cooperative association reports in its January 1, 2021 report.

Conclusion

The Division has reviewed the Rocky Mountain Power Utah Carbon Reduction Progress Report and recommends the Commission acknowledge the report as being in compliance with the Utah Energy Resource Procurement Act, Title 54 Chapter 17 Section 604.

Cc: Joelle Steward, RMP
Jana Saba, RMP
Service List