



November 12, 2019

VIA EMAIL

UTAH PUBLIC SERVICE COMMISSION
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Re: Docket No. 19-035-T15: In the Matter of Rocky Mountain Power’s Proposed Tariff Revisions to Schedule Nos. 70 and 72, Renewable Energy Rider and Renewable Energy Rider Bulk Purchase

Introduction

On October 25, 2019 Rocky Mountain Power (the Company) filed proposed changes to the cost of subscription to Schedules No. 70 and 72, voluntary schedules that allow customers to purchase Renewable Energy Certificates (RECs). The Company has proposed to double the amount of RECs associated with the purchase of a program “block” from 100 kilowatt-hours to 200 kilowatt-hours with no increase to the price of a block. On October 28, 2019 the Utah Public Service Commission (Commission) issued a notice of filing and comment period inviting comments from interested parties on or before November 12, 2019 and reply comments on or before November 19, 2019. Utah Clean Energy does not oppose the Company’s proposed changes. The adjustment to block amounts will align the cost of participating in Schedules No. 70 and 72 more closely with the market cost of purchasing RECs.

Background

The Blue Sky program allows Rocky Mountain Power customers to support renewable energy by voluntarily purchasing “blocks” of 100 kilowatt-hours each month. For each block purchased by

a customer, the Company purchases an equivalent amount of RECs on the customer's behalf. Some customers participate in the program out of a desire to support renewable energy generally, and other customers participate in the program specifically to offset their own energy usage with renewable energy through the purchase of RECs. For this reason, it is important that customers clearly understand the amount of RECs associated with their monthly block purchase. It is also critical that the monthly subscription cost is sufficient to allow the Company to purchase the correct amount of RECs. However, the price of a REC varies based on market value, and has generally declined over time. As a result, the Company is currently collecting more revenue from customers than is needed to purchase the requisite amount of RECs. Funds remaining after REC purchases and program marketing/administration costs are used to fund solar installations for schools, public buildings, non-profits, and other community organizations through a competitive grant application process. In 2018, the breakdown of program expenses was as follows:

<u>Total Program Expenses:</u>	<u>\$1,565,441¹</u>
Program Expenses:	\$403,134 (26%)
REC Purchases:	\$318,058 (20%)
Community Grant Awards:	\$844,249 (54%)

Discussion

Based on market prices for RECs reported in the 2018 Blue Sky Annual Report, the cost of a Schedule No. 70 block is nearly 12 times the cost of the equivalent REC, and the cost of a Schedule No. 72 block is more than 4 times the cost of the equivalent REC. Following the Company's proposed change, the cost of a block will more closely align with recent market prices for RECs. As a result, a larger percentage of the program revenue will be used to purchase RECs, and less revenue will be available to fund community grant projects. As illustrated below,

¹ Docket No. 19-035-14, 2018 Annual Report of the Blue Sky Program. Page 1.

the cost of a block will still exceed recent market prices for RECs, ensuring that the Company collects sufficient revenue to cover the cost of REC purchases and program marketing/administration costs. However, less revenue will be available to fund community projects through the competitive grant process.

Tariff No 70 (Blue Sky)

	Block kWh	Block cost (\$)	Market cost of equivalent RECs²
Current	100	\$1.95	\$0.17
Proposed	200	\$1.95	\$0.33

Tariff No 72 (Renewable Energy Rider - Optional)

	Block kWh	Block cost (\$)	Market cost of equivalent RECs
Current	100	\$0.70	\$0.17
Proposed	200	\$0.70	\$0.33

If the Commission approves the Company's proposed changes, existing customers will be purchasing twice the amount of RECs they originally subscribed to, unless they choose to alter their subscriptions. For this reason we recommend that the Company provide clear and direct communications to existing customers to explain what the program changes mean for a customer's subscription and their energy offset goals.

Conclusion

Utah Clean Energy does not oppose the Company's proposed changes to Tariffs No. 70 and 72.

The block adjustments will align the cost of purchasing a block more closely with the market

² Based on an average weighted price per REC of \$1.66, as reported in Exhibit A, "REC Purchases" in the Company's March 29, 2019 Filing (Docket No. 19-035-14).

value for RECs. We recommend that the Company communicate this change to existing customers in clear language that explains the impact of program changes on a customer's subscription cost and energy offset goals.

Sincerely,

A handwritten signature in cursive script that reads "Kate Bowman".

Kate Bowman
Renewable Energy Program Manager

CERTIFICATE OF SERVICE

Advice No. 19-15

Docket No. 19-035-T15

I hereby certify that on November 12, 2019, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck

mbeck@utah.gov

Division of Public Utilities

Bob Davis

radavis@utah.gov

dpudatarequest@utah.gov

Rocky Mountain Power

Data Request Response Center

Jana Saba

datarequest@pacificorp.com

jana.saba@pacificorp.com

utahdockets@pacificorp.com



Kate Bowman

Renewable Energy Program Manager