

SALT LAKE CITY CORPORATION

MAYOR'S OFFICE

RALPH BECKER
MAYOR

May 15, 2013

**Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114**

RE: Comments on Docket No. 12-035-100

Dear Public Service Commissioners,

We are submitting these comments regarding the Avoided Cost docket currently under consideration before the Public Service Commission. Over the past decade, Salt Lake City has been engaged in and/or has tracked numerous dockets before the Public Service Commission; as always, we appreciate your consideration of these comments and the opportunity to weigh in on this and other important issues.

Over the last five years, Salt Lake City has made great strides to improve the sustainability and livability of our community, and we continue to pursue aggressive goals relating to air quality, climate change, and clean energy. Specifically, our recently released Sustainable Salt Lake - Plan 2015, establishes specific targets, and related strategies, within these categories¹:

- *Improve air quality to protect community health and our environment*
- *Reduce greenhouse gas emissions to mitigate climate change*
 - *Reduce greenhouse gas emissions from community by 10%, to 4.7 million tons annually, through transportation and energy strategies (by 2015)*
 - *Reduce greenhouse gas emissions from City operations by 13%, to 72,400 tons annually (by 2015)*
- *Increase renewable energy generation and market share*

Working with an intent focus on these and many other related goals, Salt Lake City recognizes the importance of striking a balance between environmental and economic challenges, without compromising long-term sustainability for future generations. We are also well-aware that Commission decisions have notable impacts on utility planning and investments which, in turn, have direct and indirect impacts on the City's goals and decisions as we move forward in building net-zero carbon emission facilities. As such, we consider the avoided cost docket under consideration to be of utmost importance.

¹ Sustainable Salt Lake – Plan 2015 is available on-line:
http://www.slcdocs.com/slcgreen/SustainableSaltLake_Plan2015.pdf

We consider renewable energy to be an integral solution to addressing long-term risks of climate change and the costs of greenhouse gas regulation and fuel volatility. We feel strongly that avoided cost rates and the renewable qualifying facilities (QF) pricing method should adequately take into account the avoidable costs that renewable resources help us avoid, such as the costs associated with fuel price volatility, environmental regulation, and climate change impacts. Salt Lake City supports paying for the real value renewable energy provides to the utility and ratepayers; we believe acknowledging these benefits today will manage risk and keep costs lower, tomorrow and over the long term.

Specifically, we submit the following recommendations on the pricing methodology for QFs:

- QFs should keep all of the Renewable Energy Credits (RECs) associated with the electricity production of QF projects, unless Rocky Mountain Power pays renewable QFs for their environmental attributes.
- The pricing method should appropriately value and pay for the system reliability, or ‘capacity value’ benefits of renewable resources.
- Wind integration costs should be fair and up to date.
- Pricing for solar QFs should not include integration costs; as we understand it, there is not currently any evidence to suggest that Rocky Mountain Power incurs any solar integration costs.
- Renewable QFs should receive capacity credit beginning the first year of operation, because they provide capacity value to a system that is heavily reliant on market purchases in peak summer months.
- The energy portion of avoided costs payments should be tied to market prices for energy that the company avoids purchasing.

As the Avoided cost docket proceeds, we respectfully request a public hearing on this important issue to allow additional interested stakeholders to weigh in on this matter. As Salt Lake City works to tackle two of the most pressing issues of our time, climate change and air quality, we are eager to encourage and support decisions that have a widespread impact, beyond our borders. We see the avoided cost docket has having significant impacts in the years and decades to come on Utah’s energy future, and we hope the outcome of this docket does not discourage or forestall small, independent renewable power production in Utah. We thank you for your consideration of these comments. Please contact us with any additional questions you might have on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ralph Becker".

Ralph Becker
Mayor, Salt Lake City