



State of Utah
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, Energy Section Manager

Brenda Salter, Technical Consultant

Date: January 30, 2015

Re: **Rocky Mountain Power's Utah Carbon Reduction Progress Report**

Docket No. 14-035-151

RECOMMENDATION

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, 2014, the Company filed with the Commission its Utah Carbon Reduction Progress Report in compliance with the Utah Energy Resource Procurement Act. On January 2, 2015, the Commission issued an Action Request for the Division to review for compliance and make recommendations by January 30, 2015. On January 5, 2015 the Commission issued a Notice of Filing. 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 27,076,817 MWh. This forecast is consistent with the load forecast utilized in the 2013 Integrated Resource Planning (IRP) Update, filed on March 31, 2014. The Company's adjusted retail sales of 25,750,838 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 5,150,168 MWh. The Company's estimate amount of qualifying electricity for 2025 inclusive of actual and estimated banked renewable energy sources is 36,375,550 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 2013 IRP Update reported that policy and market developments have contributed to higher renewable resource costs and reduced benefits. The Company intends to file its 2015 IRP in March 2015 with an updated look at renewables.

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

In June 2014 the EPA proposed a rule to regulate carbon emissions from existing electric generating units. The Company is recommending a state review and possible legislative changes to develop a plan to meet the June 2016 EPA carbon emissions compliance requirements.

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, 2016. 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, 2016 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 Jeffrey K. Larsen, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List