



We Partner to Build the New Clean Energy Economy

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

April 29, 2016

RE: Docket No. 16-035-14 – In the Matter of Rocky Mountain Power's 2015 Annual Report of the Blue Sky Program

Dear Public Service Commission,

Background. On March 31, Rocky Mountain Power (the “Company”) filed its Annual Report of the Blue Sky Program (Program) for the period of January 1, 2015 through December 31, 2015. The Report is comprised of an Excel spreadsheet, which outlines Program revenues and expenditures, REC purchases, and participation levels for the reporting period, along with a number of exhibits. Exhibits E, F, and G respond to the Commission’s May 19, 2015, direction in Docket No. 15-035-28 to analyze and update the Blue Sky Block rate in the Company’s next annual report. The analysis responding to this request is included as Exhibit E, while Exhibits F and G contain additional information relevant to the Company’s rate recommendation: a list of Utah Blue Sky award projects and recent Blue Sky customer research.

On April 4, the Commission issued a notice of filing and comment period in this matter, with initial comments due April 29 and reply comments due May 13, 2016. Utah Clean Energy’s initial comments focus on Exhibits E, F, and G, and respond to the Company’s recommendation to maintain the current rate of \$1.95 per Blue Sky block.

Introduction. Utah Clean Energy supports the Company’s recommendation to maintain the current Blue Sky rate for the time being. Utah Clean Energy agrees with the Company that, despite the drop in REC prices, the current rate has proved effective at drawing participation and reflects the additional value the Program provides in contributing funding toward community-based renewable energy projects in Utah.¹

¹ Between 2006 and 2015, the Program has contributed funding toward 118 renewable energy projects in Utah. These community projects are listed in Exhibit F of the Company’s filing.

The Program, which funds both REC purchases and community projects, provides a well-rounded option for customers opting-in to support additional renewable generation. On the one hand, independently verified REC purchases provide the option for customers to “offset” their electricity consumption with renewable generation that meets specific criteria. On the other hand, contributions toward Utah-based, community renewable energy projects provide customers with visible, tangible projects that provide customers with opportunities to learn more about renewable energy or feel like they are contributing something good to their community. Utah Clean Energy believes that both of these components are important to the Program. And given that participation levels are robust at current prices, Utah Clean Energy supports continuing the current block rate for the time being.

Additionally, the Subscriber Solar Program has the potential to attract the same participants as the Blue Sky Program, and will be starting within the next year, with unknown impacts on Blue Sky Program participation levels. Utah Clean Energy believes that maintaining the current block rate will contribute to program stability in a time of potential upheaval caused by shifting participation. If it appears that significant numbers of participants are shifting away from Blue Sky to Subscriber Solar, the Commission and the Company may want to reevaluate whether the current block rate is the most appropriate rate going into the future, or if the rate, or other Program design elements, should be changed.

RECs. Utah Clean Energy believes that the REC component of the Program is an important one, even if most participants (according to the survey results²) do not fully understand the role they play as a part of the Program. Utah Clean Energy participated in the creation and initial roll-out of the Program and understands that many customers participate in the program in order to claim that they are “powered by renewable energy” – or that they offset their energy consumption with a like amount of renewable energy generation.

RECs purchased through the Program must be Green-e certified. This certification provides additional value to participants. One of the value-added attributes of Green-e RECs is that they must be of a certain vintage (generated in the calendar year in which the product is sold, the first three months of the following calendar year, or the last six months of the prior calendar year). This, as well as independent verification, provides assurance to Blue Sky customers that they are, in fact, supporting actual renewable generation with their Blue Sky contributions. Green-e also provides additional information for participants, for example, with information about how to accurately market their “green tags.”

Utah Clean Energy supports the REC component of the Program for customers who utilize RECs as a carbon offset or marketing tool. Given that the Company’s customer research results indicate that customers are also highly supportive of investments in community projects, we

² Exhibit E, page 2; Exhibit G, page 3.

believe that continuing REC purchases as a component of a program that also invests in community projects is a good path forward.

Community projects. Utah Clean Energy supports continued Program contributions toward community renewable energy projects, and believes the majority of program funds should go toward these projects. This aspect of the Program provides unique opportunities for customers to invest in renewable energy projects that “provide strong environmental and economic benefit” at the community level.³ This social benefit characteristic sets the Blue Sky Program apart from other renewable energy offerings the Company provides, including the Subscriber Solar Program, net metering, and other renewable tariff options. While Utah Clean Energy believes all these renewable energy programs have social (environmental and economic) benefits, the Blue Sky Program is unique because it places community and social benefits at the forefront of its objectives.

In furtherance of these goals, Utah Clean Energy makes the following recommendations for community project funding, some of which are consistent with the conclusions/recommendations in Exhibit G:

- ♦ The company should actively publicize community-based projects in order to overcome lack of awareness of the program. Customers are more likely to participate in Blue Sky if they are aware of its beneficial impact on their community.⁴ Furthermore, such marketing may allow the Company to set the Blue Sky Program apart from the new Subscriber Solar program and highlight its different emphases (community benefits, education, etc.).
- ♦ Community-based projects should be utilized to educate the community about the benefits of renewable energy – for the environment, economy, grid, etc. Such education can also be leveraged to educate customers about the Blue Sky Program.⁵ Further, the electricity output from larger scale community level projects that are not associated with a specific facility could be used to offset electricity needs of low income multifamily housing or other social service entities. If Blue Sky Program participants are paying for the project, the benefits, including energy benefits, should flow to Blue Sky participants or community-based or low income projects through the Blue Sky grant process.
- ♦ Blue Sky should provide grants that cover 100% of the project costs for community services organizations that provide low income housing, homeless shelters, and other essential services for disenfranchised communities, in order to help them reduce their operating costs.

Program administration costs. Utah Clean Energy is grateful for the opportunity to work with the Company, through the DSM advisory group, on future improvements to the Program. One

³ RMP Electric Service Schedule No. 70, Original Sheet No. 70.3.

⁴ See Exhibit G, page 10.

⁵ See Exhibit G, page 11.

area we hope to explore going forward is whether there are opportunities to further reduce program administration costs relative to other program cost components.

Conclusion. Utah Clean Energy believes that, for now, maintaining current pricing will provide a reasonable path toward evaluating whether the Program is able to retain and generate new membership and continue funding community awards once Subscriber Solar starts. Thank you for the opportunity to submit comments in this matter.

With best regards,

Sophie Hayes, Staff Attorney
Utah Clean Energy

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 29th day of April, 2016, on the following:

ROCKY MOUNTAIN POWER:

Robert C. Lively	bob.lively@pacificorp.com
Michael S. Snow	michael.snow@pacificorp.com
Daniel. E. Solander	daniel.solander@pacificorp.com
Bill Comeau	william.comeau@pacificorp.com
Kevin Hoopiaina	kevin.hoopiaina@pacificorp.com

DIVISION OF PUBLIC UTILITIES:

Patricia Schmid	pschmid@utah.gov
Justin Jetter	jjetter@utah.gov
Chris Parker	chrisparker@utah.gov
William Powell	wpowell@utah.gov
Dennis Miller	dennismiller@utah.gov

OFFICE OF CONSUMER SERVICES:

Michele Beck	mbeck@utah.gov
Cheryl Murray	cmurray@utah.gov
Gavin Mangleson	gmangleson@utah.gov

UTAH OFFICE OF ENERGY DEVELOPMENT

Jeffery H. Barrett	jhbarrett@utah.gov
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/s/ Sophie Hayes