UTAH PUBLIC SERVICE COMMISSION
Heber M. Wells Building
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Salt Lake City, Utah 84111

Utah Clean Energy Reply Comments

To: Utah Public Service Commission

From: Utah Clean Energy
Kate Bowman, Renewable Energy Program Manager

Date: January 17, 2019

Re: Docket No. 16-035-36
In the Matter of the Application of Rocky Mountain Power to Implement Programs Authorized by the Sustainable Transportation and Energy Act

On November 14, 2018, Rocky Mountain Power ("the Company") filed an application to modify funding amounts previously authorized by the Sustainable Transportation and Energy Plan ("STEP") Act, and to allocate additional funds to the Solar and Storage Technology Project ("SSTP"). The Company's filing also requests an increase to the cap for the Commercial Line Extension Pilot Program incentive to $250,000 from the currently approved amount of $50,000. The purpose of Utah Clean Energy's ("UCE") comments is to respond to Western Resource Advocates ("WRA") and the Office of Consumer Services ("Office") regarding the Company's request for an additional $1.75 million of funding to complete the previously approved SSTP, and to the Office and the Division of Public Utilities ("Division") regarding the Company's proposed changes to the Commercial Line Extension Pilot Program.

Summary of Utah Clean Energy Recommendations

First, Utah Clean Energy continues to support the Solar and Storage Technology Project and recommends that the Commission approve the requested increase in funding. However, UCE also recommends that the Company be required to provide additional detail about project costs, equipment, and system components in future STEP reports. We also recommend that the Commission require more detailed information about project costs and components when considering approval of future storage or generation and storage projects.

Second, while we support the expansion of electric vehicle charging infrastructure, the Company's filing has not provided sufficient justification to demonstrate why an increase to the Commercial Line Extension Pilot Program will result in improved electric vehicle charging infrastructure. We recommend no changes to the program until the Company provides more information about projects that have been awarded an incentive thus far and existing barriers that prevent utilization of the incentive as currently designed.

Solar and Storage Technology Program

Utah Clean Energy was supportive of the Company's original Solar and Storage Technology Program application, approved by the Commission in its December 29, 2016 Phase One Report and Order. The SSTP is intended to resolve an anticipated voltage issue on the Sevier-Panguitch 69 kilovolt transmission line that would otherwise be addressed through traditional capital investments in poles, wires, or substations. The Company states that the revised cost of the SSTP ($8.75 million) remains comparable to the revised cost of traditional investments to resolve the issue ($8.75 million).[1] As Utah Clean Energy stated in comments on the Company's initial proposal, storage costs are declining rapidly. Solar, storage, demand response, and other forms of load control are likely to serve an increasingly important role as a

1 Docket No. 16-035-36, Rocky Mountain Power Application to Modify Funding Amounts Previously Authorized by the Sustainable Transportation and Energy Pan Act, And to Allocate Additional Funds to the Solar and Storage Technology Project. November 13 2018. P10.

cost-effective and risk-reducing means to meet our energy and energy infrastructure needs now and into the future.[2] For these reasons, we remain supportive of the SSTP as a pilot project even though we share the Office's concern that Company has not provided detailed information about the drivers behind the cost increases.

We re-iterate the value of a pilot project that allows the Company to gain hands-on experience operating solar and storage to meet grid needs. Utah Clean Energy agrees with WRA that "it is important for RMP to gain experience with battery storage associated with solar (and other renewable resources) so that they can take advantage of this technology as it becomes the peak generation option of choice for utilities."[3] The SSTP offers ratepayers additional benefits above and beyond the resolution of the voltage issue because it will enable the Company to demonstrate the use of solar and storage technology at the grid level and gather information to improve understanding of potential uses for these technologies in the future. This will allow the Company and regulators to identify opportunities to leverage solar and storage as "non-wires" solutions to traditional capital investments. These "non-wires" solutions have the potential to save ratepayers money and will become more cost-effective as the price of storage continues to fall.

Although Utah Clean Energy supports the SSTP, we share the Office's concerns regarding the increase in project cost. In response to the Company's initial application, UCE noted that the Company's price projections for solar (approximately $3,000 per kW) were extremely high for a 650 kW project.[4] In this filing, the Company has revised their estimate for the cost of the solar array downwards to a cost of approximately $2,800 per kW. In contrast, benchmark costs for projects between 10 kW and 2 MW in the first quarter of 2017 were reported to be $1,850 per watt (DC).[5] Although not addressed through this

[2] Docket No. 16-035-36, Phase I Direct Testimony of Sarah Wright, November 9 2016.

[3] Docket No. 16-035-36, Western Resource Advocates Comments, January 3 2019. P 3-4.

[4] Docket No. 16-035-36, Phase I Direct Testimony of Sarah Wright, November 9 2016. P 5-6.

[5] National Renewable Energy Laboratories, U.S. Solar Photovoltaic System Cost Benchmark: Q1 2017. September 2017. https://www.nrel.gov/docs/fy17osti/68925.pdf.

filing (and not funded through STEP), we remain concerned that the Company's 650 kW solar array is not a competitively priced deal for its customers.

Regarding the revised cost for the proposed 1 MW / 5 MWh battery storage component, we agree with the Office that it would be helpful to "to understand more specifically what system components, and therefore, what drivers are behind the cost increases," and "specifically whether increased capital and OMAG costs are due to increased hardware, software, EPC contractor costs, or due to other reasons."[6] The Company has provided limited information about factors leading to the increase in costs and a summary of costs associated with project development, interconnection, and the battery equipment. However, this information is not sufficient to understand how the cost of the battery storage project compares to industry averages and benchmarks.

Given that this project is the first of its kind for the Company, we believe that the information and experience gained as a result of this project is an additional benefit for ratepayers not accounted for in the cost of the project. Additional and more detailed information about the project development and system component costs will help stakeholders understand and evaluate the value of this project going forward, and maximize the value of this project to ratepayers.

Commercial Line Extension Pilot Program

To date, 19 projects have been completed through the Commercial Line Extension Pilot Program, and none of these projects received the current incentive cap of $50,000. The most expensive project received $20,534. The Company states that raising the incentive limit will make the program available to larger developers, but we agree with the Division's conclusion that the Company does not provide sufficient justification to explain why this expansion is in the public interest. A stated purpose of the program is to

[6] Docket No. 16-035-36, Office of Consumer Services Comments, January 3 2019. P 8-10.

"Promote use of electric vehicles by facilitating installation of electric vehicle charging stations,"[7] but the Company's application does not explain how an increase in the incentive amount will facilitate greater installation of electric vehicle charging stations. We support the reporting requirements outlined by the Office because they will improve understanding of program incentive uptake so far, and we also suggest that the Company provide information about barriers that preclude developer interest in the smaller incentive amount. We also suggest the Company explore other options to improve use of the incentive funding. For example, increasing the incentive limit above 20% of project costs may also improve usage of the incentive program. Finally, if the full budget of this program is not spent, the funding could instead be used to support other innovative pilot projects through the STEP program. Prior to approving the increase to the incentive cap, the Commission should require the Company to provide more information about the incentives granted thus far (as described by the Office) and existing barriers that prevent utilization of funds through the program as currently designed.

Conclusion

Utah Clean Energy continues to support the SSTP and we recommend that the Commission approve the requested increase in funding. The purpose of the STEP program is to create opportunities to demonstrate the potential of innovative technologies through pilot programs. The SSTP is an important opportunity for the Company to gain hands-on experience with new technologies that will play a cost-effective role in meeting our future energy needs. In order to maximize the opportunity to understand and learn from this project, we recommend that the Company be required to provide additional detail about project costs, equipment, and system components in future STEP reports. We also suggest the Company be required to provide additional detail in future applications for storage or storage and generation projects. We recommend no changes to the Commercial Line Extension Program until the Company provides more

[7] Rocky Mountain Power Electric Service Regulation No. 13, Sustainable Transportation and Energy Program (STEP) Commercial Line Extension Program.

information about the incentives granted thus far (as described by the Office) and existing barriers that prevent utilization of the current incentive amount.

CERTIFICATE OF SERVICE

I certify that on January 17, 2019, a true and correct copy of the foregoing was served upon the following as indicated below:

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