



State of Utah

Department of Commerce Division of Public Utilities

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Comments

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Artie Powell, Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: July 15, 2020

Re: **Recommendation, 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 Plan. STEP Plan Continuation.

Recommendation (Allow to Sunset)

The Division of Public Utilities (“Division”) recommends the Public Service Commission (“Commission”) make a recommendation to the State Legislature to discontinue Rocky Mountain Power’s (“RMP”) Sustainable Transportation and Energy Plan (“STEP”) effective December 31, 2021.

Issue

Before the first day of the legislative session in the final year of the pilot program period, the Commission shall submit a report and recommendation to the Legislature regarding whether, in the discretion of the Commission, the Legislature should, for the sustainable transportation and energy plan:

- (1) extend the plan or a portion of the plan as a ratepayer funded program;
- (2) implement the plan or a portion of the plan as a state funded program; or

(3) discontinue the plan or a portion of the plan.¹

On May 6, 2020, the Commission issued its Request for Comments asking interested parties to comment on the continuation of the Sustainable Transportation and Energy Plan pilot program. Any interested party may submit comments on or before July 15, 2020 and reply comments no later than August 17, 2020. This memorandum represents the Division's response to the Commission's request for comments.

Background

In March 2016, the Utah Legislature enacted the Sustainable Transportation and Energy Plan Act, now codified at Utah Code §§ 54-7-12.8 and 54-20-101. UCA 54-20-102(2) defines the pilot program period for a large-scale electric utility as a "period of five years during which the STEP is effective for a large-scale electric utility, beginning January 1, 2017." Accordingly, the STEP pilot period for a large-scale electric utility ends on December, 31, 2021. Rocky Mountain Power is the only large-scale electric utility to which STEP applies.

Discussion

On November 12, 2019, RMP met with interested parties to discuss the STEP Exit Strategy.² The parties discussed: 1) the remaining STEP funds; 2) on-going STEP costs (i.e., projects that don't end and the EV charger incentive commitments that end in 2022; 3) final accounting; and 4) final report timing.

The parties agreed that the Exit Strategy be reviewed near the end of the STEP program when more certainty is known of project costs, internal and external OMAG expenses, and EV incentives. Based on the annual status reports filed by RMP for the past three years, the STEP Program and projects, with the exception of the Alternative NOx Reduction Project, have been successful and in the public interest.

¹ See Utah Code Ann. § 54-20-106, https://le.utah.gov/xcode/Title54/Chapter20/54-20-S106.html?v=C54-20-S106_2016051020160510.

² See Rocky Mountain Power's 2019 Third STEP Program Status Report, April 30, 2020, pages 1.6-1.7.

Although the Division concludes that RMP's STEP Program has been a success and achieved the goals set forth in Phase One through Five, programs like STEP are essentially research and development projects ("R&D"). While some R&D projects like the current STEP Program may be beneficial and serve the public interest, R&D projects do not always have favorable outcomes, and can experience cost over-runs. The Division, therefore, concludes that any proposed R&D project should be carefully evaluated, so as not to place an undue burden on ratepayers. Accordingly, the Division recommends that the parties execute the Exit Strategy plan once approved by the Commission as the Pilot draws nearer to December 31, 2021. Therefore, the Division recommends the Commission request the legislature to discontinue STEP for electric utilities.

Conclusion

The Division concludes that RMP's STEP Program has been successful to this point and has provided valuable learning and outcomes to those who participated in the many projects and research. The Division concludes that RMP's STEP Program has served its purpose to find innovative ways to improve efficiencies and provide pollution mitigating solutions. Therefore, the Division recommends the Commission file a report to the Utah Legislature recommending an end to the STEP Program Pilot for RMP by December 31, 2021, or at the disposition of any remaining EV charging incentives or other ongoing expenditures pertaining to specific STEP projects as approved by the Commission.

Cc: Joelle Steward, RMP
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