



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: June 1, 2017

Re: **Rocky Mountain Power Annual Report of the Blue Sky Program**

Docket No. 17-035-19

RECOMMENDATION

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (Company) 2016 Amended Annual Report of the Blue Sky Program filed on May 1, 2017, as it meets the Commission's reporting requirements ordered for this program.

ISSUE

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on March 30, 2017, the Company filed with the Commission its Annual Report of the Blue Sky Program (2016 Annual Report) covering the Calendar Year 2016. On March 30, 2017, the Commission issued an Action Request to the Division requesting a review of the 2016 Annual Report and to make any recommendations by May 1, 2017. Subsequently, the Commission issued a Notice of Filing

and Comment Period giving interested parties until May 1, 2017 to provide comments with reply comments due May 16, 2017. On April 24, 2017, the Division requested an extension of the Commission's Action Request due date to allow time for the Company to file an Amended Annual Report and to provide time for the Division's review. The Commission approved the extension for initial comments with a due date of June 1, 2017 and reply comments due June 15, 2017. This memorandum represents the Division's response to the Commission's Action Request.

DISCUSSION

The Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to provide an annual report of the Blue Sky program along with various filing requirements. Subsequent to this Order, additional filing requirements have been incorporated into the annual report.¹

The Division reviewed the content and the format of the 2016 Annual Report of the Blue Sky Program in light of the Commission Orders. The Division noted some inconsistencies in the report and notified the Company of the issues. Based on these discussions, the Company filed an Amended 2016 Blue Sky Annual Report (2016 Amended Report) on May 1, 2017.

The 2016 Amended Report is significantly different from what has been filed in previous years. That being said, this new report is more streamlined and provides all the requirements as directed in previous Commission Orders.

¹ The Commission Order in Docket No. 00-035-T01, dated April 17, 2000, directed the Company to "account for all revenues received, blocks purchased, blocks generated or contracted for and other program costs."

The Commission Order in Docket No. 07-035-T13, dated September 6, 2007, directed the Company to include the ratemaking treatment of the funds received, cost of purchases including RECs, and interest earned on the balance of funds.

The Commission Order in Docket No. 00-035-T01, dated March 21, 2008, directed the Company to include: 1) the current Renewable Energy Credit balance in addition to the annual balances; 2) the Utah Beginning Available Fund Balance and the deductions leading to the Utah Available Fund Balance before Qualifying Initiatives in a manner similar to the total Company balances contained at the top of the second spreadsheet in the modified Report; 3) further detail on Qualifying Initiatives, including the total number of the applications received, the number rejected, the criteria and the evaluations underlying project selections, the locations (beyond state identification) of the awarded projects, a description of the project, and information on the facility at which each project is located; 4) a status report on the \$900,000 contract for future purchase of RECs and an explanation of how this expenditure of excess funds was determined to be the best use of excess funds.

And finally, the Commission Order in Docket No. 00-035-T01, dated April 29, 2010, directed the Company to include the REC Position Reconciliation report and the Community Project Funding Reconciliation report.

The Program Summary Tab is just what it implies, a summary of Commission requirements including program sales, program expenses, renewable energy credit (REC) requirements and purchases, Utah project cost commitments, and the Blue Sky account balance reconciliation. Data supporting the Program Summary Tab is found in the 2016 Block Dashboard Tab.

The REC Purchases Tab is basically the same with a few exceptions. Two columns were added that provide the REC invoice year and the REC requirement year. RECs may be purchased the preceding year or up to three months into the following year in order to meet the REC requirements. Due to WREGIS certification and other timing issues, previous years' REC Purchases Tabs may not have included all the RECs purchased for the Annual Report year. This has caused some confusion in the past but has been rectified with the Amended Report format.

The Project Commitments Tab provides an overview of current Utah project commitments along with a status update of previous year commitments currently in development. The Available Funds Criteria Tab remains the same. Links are provided to connect the spreadsheet tabs.

In addition to the spreadsheet, the Company provided in its March 30, 2017 filing Exhibits A through D detailing Company communication to its Blue Sky customers. Exhibit E provides additional detail regarding RECs purchased for 2016.

The 2016 Amended Annual Report shows the January 2016 Utah program account balance of \$4.6 million. This balance includes \$3.3 million retained for Blue Sky Solar projects currently under development along with in-process project commitments from previous years. On a Utah basis, \$2.7 million in revenue was received over the reporting period. Utah REC purchases for the program year totaled \$264,807. Program operating expenses for the 2016 period were \$466,153. Efficiencies in program administration and marketing were implemented in this reporting period thereby reducing Utah's program expenses for 2016 by approximately 38 percent. Renewable projects awarded in 2016 totaled \$2,640,024. The Sustainable Transportation and Energy Plan ("STEP") Act Initiatives approved by the Commission in Docket No. 16-035-36 allotted \$1.9 million of Blue Sky funds to a Solar Battery Storage Project. Blue Sky funds will be

used to build a large scale company-owned solar project in conjunction with funds provided by the STEP program for the battery storage.

Total Company Block sales for 2016 were 3,587,626 kWh of which 1,664,531 kWh were attributable to Utah. The Company's REC purchase commitment for 2016 was 358,763 RECs. According to the 2016 Amended Report, there were 1,074 RECs remaining from the previous year. The Company purchased 358,536 RECs to satisfy the 2016 Blue Sky REC purchase requirement resulting in an 847 REC surplus. The Division noted that the REC Position Reconciliation from the March 30, 2017 filing differed from the REC Status in the May 1, 2017 Amended Report. The March 30 filing shows a REC deficit where the May 1 filing shows a REC surplus. During informal discussions, the Company explained that as part of the Green-e Audit, the REC purchases are certified each year, therefore according to this certification the Company is in compliance with this requirement. The Company provided a copy of the 2015 and 2016 Green-e Audits, which include as part of the agreed upon procedures the following:

All Green-e Energy Participants with certified sales in 2015 [2016] must show that they have purchased or generated enough renewable MWh to support their certified sales,...

It is the Division's understanding that Green-e audits the Company's WREGIS Tracking System Reports and based on these reports certifies that the Company purchased the required number of RECs for each reporting period.² The Company confirmed that Green-e Audits have been completed for each year going back to 2008. Based on the Green-e Audit verification, the Division believes the Company has complied with the requirement to purchase RECs sufficient to meet Blue Sky sales.

CONCLUSION

After reviewing the information contained in the Amended 2016 Annual Report, the Division concludes that the report is in compliance with Commission Orders and adheres to the

² Reporting Years 2015 and 2016 Green-e Audit Exception: "Due to Participant's [PacifiCorp] privacy policy, we were not able to log into Participant's corresponding Tracking System account or observe an employee of Participant accessing the account and compare each Tracking System Report to data in Participant's corresponding Tracking System account [WREGIS]. As such, we note these as exceptions."

Commission's reporting requirements. The Division recommends that the Commission acknowledge the Company's 2016 Blue Sky Annual Report.

CC Michael Snow, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List