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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

Action Request Response

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Bob Davis, Utility Analyst

Date: July 2, 2018

Re: Acknowledge, Docket No. 18-035-24, Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule No. 107) 2018 Annual Report.

Recommendation (Acknowledge)

The Division of Public Utilities ("Division") has reviewed Rocky Mountain Power's ("RMP") Utah Solar Photovoltaic Incentive Program Annual Report ("Report") for the 2017 reporting period through May 16, 2018, and finds that it meets the Utah Public Service Commission's ("Commission") reporting requirements.

Issue

On June 1, 2018, RMP filed with the Commission its Utah Solar Photovoltaic Incentive Program ("USIP") Annual Report for the 2017 program year. On the same day, the Commission issued an Action Request to the Division to review the Report for compliance and make recommendations by July 2, 2018. This memorandum is the Division's response to that request.

Background

The Commission issued its Order in Docket No. 11-035-104, Utah Solar Incentive Program (“Program”), on October 1, 2012. The Commission’s Order requires RMP to file a report for each program year by June 1 of the following year.

The Order specifies that RMP’s annual report shall include, but not be limited to, the number of applications, the number and size of completed installations, the total costs of all completed installations, generation data for large systems, and the number, if any, of surrendered deposits.¹ RMP will provide cumulative data and data from each program year in the annual report as the program progresses.

At the conclusion of the Division’s 2014 review, the Division requested that additional information be included in future reports. To account for projects not completed at the time of the report, the Division suggested data be included for all sections of the report for previous program years, current program year, and cumulative totals. The Division requested the following additions to the System Specific Information included in Attachment A: date of deposit, completion date of project, date of incentive payout, subtotals for each sector, and grand totals.

A balancing account tracks USIP program costs. The Division requested that summary entries and account balances be included in future annual reports. Upon conclusion of RMP’s annual report for year ending 2014, the Commission accepted the Division’s requests and the Office of Consumer Service’s (“OCS”) suggestion that RMP provide a line in the summary showing the expired deposits and a footnote or explanation of the variance between Attachment A numbers for (kW_{CSI-AC}) and those contained in the report.²

On December 29, 2016, the Commission issued its Order in the 16-035-21 docket “Acknowledging the 2016 Solar Photovoltaic Incentive Program Report, and Memorializing

¹ Docket No. 11-035-104, In the Matter of the Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program. Issued October 1, 2012, page 10.

² See Docket No. 15-035-57, Commission Letter to Company dated August 24, 2015 at page 2 and OCS’s recommendation comments dated July 1, 2015 at page 3.

Bench Ruling Approving Settlement Stipulation.” Paragraph 14 of the Stipulation directs RMP to remove Special Condition 8, (Cool Keeper Program requirements of the Solar Incentive Program), in its entirety from Schedule No. 107. Additionally, in Paragraph 15, the Parties agreed that RMP would refund \$200,000 to the final Utah Solar Incentive Program balance regarding administration of the Cool Keeper Program requirements for Solar Incentive customers.³

On December 29, 2016, the Commission issued its Order in Docket No. 16-035-36 for Phase One of the Sustainable Transportation and Energy Plan Act effectively ending new participant entry to the Solar Incentive Program as of December 31, 2016.⁴ Pursuant to Section 54-7-12.8(4) of Senate Bill 115 passed during the 2016 Utah legislative session:

On December 31, 2016, the Commission shall end the Utah Solar Incentive Program and surcharge tariff and the large-scale electric utility shall stop accepting new applications for solar incentive program incentives.

The Commission’s Order required changes to several tariff schedules including Schedule No. 107 and Schedule No. 195. Revisions to Schedule No. 107 include language to stop accepting new applications for incentives after December 31, 2016. Schedule No. 196 replaced Schedule No. 195. The tables in previous reports showing carry forward incentive dollars are no longer included.

The Commission, in its letter dated July 31, 2017, Docket No. 17-035-35, acknowledging RMP’s 2017 Solar Photovoltaic Incentive Program (Schedule 107) Annual Report, directed RMP to include in its future reports information regarding the disposition of Renewable Energy Credits from the Program as recommended by the OCS.⁵

Discussion

The Division concludes RMP’s June 1, 2018 Report contains the information required by past Commission Orders and Letters. The column labeled (Incentivized Size kW_{CSF-AC}) in Attachment

³ See Docket No. 16-035-21, Order Acknowledging The 2016 Solar Photovoltaic Incentive Program Report, and Memorializing Bench Ruling Approving Settlement Stipulation, dated December 29, 2016, Appendix, at page 3.

⁴ See Docket No. 16-035-36, Phase One Report and Order, dated December 29, 2016, at page 15, ¶ 2.

⁵ See <https://pscdocs.utah.gov/electric/17docs/1703535/295623CorresWiderburg7-31-2017.pdf>, at page 2.

A compared to (kW_{CSI-AC}) shows the variance between the system kW capacity applied for and actual installed project capacity. To be consistent over the life of the program, RMP pays the incentive based on the application (kW_{CSI-AC}) capped at the maximum size for the program sector, (i.e., large non-residential: 1 MW, small non-residential: 25kW, and residential: 4 kW). Each customer's maximum project incentive is established at the time of the initial application. The column labeled (Incentivized Size kW_{CSI-AC}), illustrates the amount that ties to the report (Tables 2, 5, 8, and 11 of this year's report).

Attachment B, Large Non-Residential Production Data, appears to be complete and free from error. RMP uses the National Renewable Energy Laboratory's ("NREL") PV Watts estimating tool to determine if the generation facility meets the 85 percent rule in Schedule 107. The Division has not confirmed the outcome of this requirement as it does not have the necessary input information for NREL's estimating tool. The Division has no reason to believe RMP is not enforcing the 85 percent requirement and adjusting incentives as required.⁶

RMP did not accept any new USIP participants after December 31, 2016 because the STEP Act eliminated it. RMP structured its Table 15, USIP Account Summary, differently in this year's report because of the STEP Program, which began January 1, 2017. The USIP account balance of \$15,751,329 reported in Table 15 is the January 1, 2017 beginning balance for the STEP program.⁷ The \$4,735,413 of total expenditures reported in the 2017 column of Table 15 correlates to USIP expense reported in the first annual STEP Status Report.⁸ Revenues are no longer collected from Schedule 195 to fund the USIP Program. The Incentives paid to USIP participants are now a program expense in the STEP Program and adjusted to amortize the incentive balance over the pilot period of the STEP program.

Surrendered deposits offset administrative costs to run the program in the past. Table 15, for the cumulative period through 2016, shows \$140,784 of expired deposits. Residential and

⁶ Rocky Mountain Power, Schedule No. 107.5, INCENTIVES: (continued).

⁷ The \$15,751,329 reported here correlates to the \$15,850,031 reported in RMP's first annual STEP Status Report, Docket 18-035-16, Exhibit 1.0.

⁸ Id.

Small Non-Residential have 12 months to complete projects from the time the capacity reservation is secured.⁹ Large Non-Residential customers have 18 months from the time the reservation capacity is reserved.¹⁰ RMP reports 75 projects waiting disposition after June 30, 2018 to receive incentives or surrender deposits of \$132,822. Table 14 lists 20 Residential and 43 Small Non-Residential that should have been completed by the end of 2017, which are apparently still in process. Table 15 shows \$99,568 of expired credits in 2017 applied to the STEP accounting. The Division anticipates the next report will account for any remaining surrendered deposits. The Division concludes these expired credits offset USIP program costs and are reflected in the USIP expense reported in the STEP program. RMP should verify that the dates in the headings and tables match in future reports. The Division recommends that RMP provide a reconciliation between future USIP reports and the annual STEP reports.

RMP provides the total renewable energy certificates (RECs) obtained from projects affiliated with the program and provides both annual and cumulative totals. For ease of calculation, RMP calculates RECs the first full month after the incentive has been paid to the participant. The calculation is based on a factor of 0.023 RECs per month, per incented (kW_{CSI-AC}). Attachment A includes the incentive payment date, the assumed monthly REC total, and the total assumed RECs through May 2018. RMP also includes information about the disposition of RECs. Registration of each participant in the program with the Western Renewable Energy Generation Information System (“WREGIS”) is complex and administratively expensive. Customers may register their own generation facilities with WREGIS but have not done so. RMP claims that these obstacles make the RECs difficult to transfer or retire. RMP reports 16,264 in total RECs.

Conclusion

The Division concludes RMP’s June 1, 2018 Report contains the information required by past Commission Orders and Letters. The information contained in the Report includes 2017 Program

⁹ See RMP Tariff Schedule No. 107, Program Process, ¶6. RMP claims in its Report that residential and small non-residential had to have their projects completed by December 31, 2017 to receive incentive funding.

¹⁰ Customers would have until June 30, 2018 to complete projects for large non-residential projects approved by December 31, 2016.

year data as well as cumulative program data through May 16, 2018. Table 15 provides the balancing account summary entries and account balance including expired deposits.

The Commission issued its Phase One Order for the Sustainable Transportation and Energy Plan Act on December 29, 2016, effectively ending new participant entry to the Solar Incentive Program as of December 31, 2016. The USIP balance as of the end of December 31, 2016 became the beginning balance to the STEP Program January 1, 2017. USIP incentive payments are a program expense in the STEP Program. The STEP program will continue paying USIP incentives until the balance reaches zero at the end of the STEP Program Pilot. The Division concludes that this USIP report correlates to information contained in the first annual STEP Status Report filed by RMP with the Commission on April 30, 2018.

The Division recommends the Commission direct RMP to include an explanation and correlation of USIP amounts to those reported in Exhibit 1.0 as provided in RMP's STEP Status Report Filing discussed herein. The Division recommends that the Commission acknowledge RMP's Utah Solar Photovoltaic Incentive Program Annual Report filed on June 1, 2018.

Cc: Joelle Steward, RMP
Jana Saba, RMP
Michele Beck, OCS