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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
Artie Powell, Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant

Date: July 1, 2020

Re: Acknowledge with Recommendation, Docket No. 20-035-26 – Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2020 Annual Report.

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities ("Division") has reviewed Rocky Mountain Power's ("RMP") Utah Solar Photovoltaic Incentive Program Annual Report ("Report") for the January 1, 2019, through April 30, 2020 reporting period, and finds that it meets the Utah Public Service Commission's ("Commission") Orders and Letters. The Division recommends the Commission direct RMP to revise its Table 4 in this report and Table 1 in its Third Annual STEP Status Report to include the expired deposits mistakenly omitted in 2015. Based on its review, the Division recommends the Commission acknowledge RMP's Report.

Issue

On June 1, 2020, RMP filed with the Commission its Utah Solar Photovoltaic Incentive Program ("USIP") Annual Report for the 2019 program year. On the same day, the Commission issued an Action Request to the Division asking it to review the Report for compliance and make recommendations. The Commission asked the Division to report back by July 1, 2020. On June 3, 2020, the Commission issued its Notice of Filing and Comment Period. Any interested party

may submit comments on or before July 1, 2020 and reply comments on or before July 16, 2020. 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 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 provides data from each program year as well as cumulative data in the annual report as the program progresses.

The Division requested that RMP include additional information in future reports at the conclusion of its 2014 review. The Division suggested RMP include data for all sections of the report for previous program years, current program year, and cumulative totals to account for incomplete projects. The Division requested that RMP include the following additions to the System Specific Information in Attachment A: 1) date of deposit; 2) completion date of project; 3) date of incentive payout; 4) subtotals for each sector; and 5) grand totals.

RMP uses a balancing account to track USIP program costs. The Division requested the inclusion of summary entries and account balances 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 with a footnote or explanation of the variance between Attachment A numbers for (kW_{CSI-AC}) and those contained in the report.²

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, October 1, 2012, page 10.

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

On December 29, 2016, the Commission issued its Order in Docket No. 16-035-21, “Acknowledging the 2016 Solar Photovoltaic Incentive Program Report, and Memorializing 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. Paragraph 15 of the Stipulation required RMP to refund \$200,000 to the 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 pursuant to Section 54-7-12.8(4) of Senate Bill 115 passed during the 2016 Utah legislative session.⁴

The Commission’s Order required changes to several tariff schedules including Schedule Nos. 107 and 195. Revisions to Schedule No. 107 included language to stop accepting new applications for incentives after December 31, 2016, and Schedule No. 196 replaced Schedule No. 195. The tables in previous reports showing carry forward incentive dollars are unnecessary and 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 information recommended by the OCS regarding the disposition of Renewable Energy Credits from the Program in its future reports.⁵

The Commission, in its Order dated September 9, 2018, approved RMP’s request to eliminate several parts of the USIP Annual Report as redundant information, keeping only the information needed to track the program.

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

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

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

On June 28, 2019, the Commission issued its Order in Phase Five of RMP's Sustainable Transportation and Energy Plan Act. In its order, the Commission approved RMP's request to use \$13 million of surplus USIP funds for its Advanced Resiliency Management System Project ("ARMS").

Discussion

The Division concludes RMP's Report contains the information required by previous Commission Orders and Letters. The column labeled "Incentivized Size kW_{CSI-AC}" in Attachment A compared to the column labeled "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). The maximum incentive is established during the customer's initial application. The column labeled "Incentivized Size kW_{CSI-AC}," illustrates the amount that ties to the report (Tables 1 and 2 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 requirement in Schedule 107.⁶ The Division has not confirmed this requirement due to the lack of 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.

The Division notes that Table 4, USIP Account Summary, in this year's report reconciles to Table 1, page 19.0, of RMP's annual STEP report for year 2019.⁷ However, the Division discovered a small error between Table 3 and Table 4. Table 3, Surrendered Deposits, shows an

⁶ See

https://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Solar_Incentive_Program.pdf, Incentives: (Continued), Sheet No. 107.5.

⁷ Rocky Mountain Power's Third Annual Sustainable Transportation and Energy Plan Act ("STEP") Program Status Report, Docket No. 20-035-21, April 30, 2020, page 19.0, Table 1 – USIP Account Summary (with Electric Service Schedule 107 revenues only).

amount of \$397,990 versus the amount in Table 4 of \$361,169.⁸ RMP has not accepted any new USIP participants since December 31, 2016. The allowable time for installations to be completed for Residential, Small Non-Residential, and Large Non-Residential has expired. The incentives for all customers on the USIP Program are included in Table 4 and Table 5 (USIP Projected Expenditures), which provides the projected expenditures through 2023. Table 4 illustrates \$25,269,989 of revenues (including \$1,255,424⁹ of refunds), \$23,645,952 of expenditures, and \$3,533,932 of interest carrying charges through April 30, 2020.

The USIP Projected Expenditures (Table 5), illustrates the administrative and incentive payouts through 2023. The \$3,266,321 of total expected expenditures compared to the current USIP account balance of \$5,194,790 (Revised Table 4) results in a projected excess USIP balance of \$1,928,469 at the end of 2023.

Revised Table 4

Utah Solar Incentive Program Account - Through April 30, 2020											
	Order	Program Total	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenue		(25,269,989)	(961,324)	(6,293,704)	(6,320,828)	(6,317,639)	(6,323,285)	(308,633)		227,376	1,028,048
Program Expenditures:											
Incentive	331190, 338901	22,645,346	-	981,796	2,328,676	3,292,006	4,884,763	4,766,963	3,459,713	2,317,571	613,859
Program Administration	331191; 338902	1,298,815	-	253,665	322,664	173,248	412,866	94,788	27,098	13,807	679
Marketing	331192; 338903	132,495	55,905	35,744	25,995	14,515	336	-	-	-	-
Program Development	331193; 338904	130,465	30,748	99,140	577	-	-	-	-	-	-
Expired Deposits	331194; 338905	(397,990)	-	-	-	(36,821)	(103,963)	(99,568)	-	(157,638)	-
	408641	-	-	-	-	-	-	-	-	-	-
Cool Keeper program		(200,000)	-	-	-	-	(200,000)	-	-	-	-
Total Expenditures		23,609,131	86,653	1,370,345	2,677,912	3,442,948	4,994,002	4,762,182	3,486,811	2,173,740	614,538
Interest		(3,533,932)	(5,995)	(219,165)	(473,909)	(721,712)	(685,628)	(627,425)	(569,938)	(147,937)	(82,224)
USIP Account Balance		(5,194,790)									

Expired deposits offset administrative and marketing expenses to run the program. Revised Table 4, for the cumulative period of 2012 through 2020, shows \$397,990 of expired deposits. At the conclusion of the USIP Program on December 31, 2016, Residential and Small Non-Residential had 12 months to complete projects from the time the capacity reservation was

⁸ The Division notes that Table 3, page 2, does not tie to Table 4 as filed. In response to the Division's email for clarification on June 8, 2020, RMP admits the difference of \$36,821 was due to an omission of expired credits in 2015.

⁹ RMP Annual USIP Report for the 2019 plan year, June 1, 2020, Table 7, pg. 4.

secured.¹⁰ Large Non-Residential customers had 18 months from the time the reservation capacity was reserved.¹¹ Residential and Small Non-Residential installations had to be completed by December 31, 2017, and Large Non-Residential had to be completed by June 30, 2018. Thus, all incentives or potential surrendered deposits are included in the account. The Division concludes these expired credits offset USIP program costs and reflected in the USIP expense reported in the STEP program.

RMP provides the total renewable energy certificates (“RECs”) obtained from projects affiliated with the program and provides both annual and cumulative totals. RMP calculates the participant’s RECs the first full month after the incentive is paid. 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 April 2020. RMP also includes information about the disposition of RECs. Registration with the Western Renewable Energy Generation Information System (“WREGIS”) for each participant in the program is complex and administratively expensive. Customers may register their own generation facilities with WREGIS but have not done so. RMP claims these obstacles make the RECs difficult to transfer or retire. RMP reports 33,074 total RECs in Table 6 of this year’s report.

Conclusion

The Division concludes RMP’s June 1, 2020 Report contains the information required by previous Commission Orders and Letters. The information contained in the Report includes cumulative program data through April 30, 2020. Revised Table 4 provides the 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

¹⁰ 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.

¹¹ Customers would have until June 30, 2018 to complete projects for large non-residential projects approved by December 31, 2016.

Program as of December 31, 2016. The STEP program will continue paying USIP administrative and incentive expenses of approximately \$3,266,321 through 2023. The Division concludes that this USIP report, as filed, reconciles to information contained in the Third Annual STEP Status Report filed with the Commission on April 30, 2020. However, the Division discovered an omission of \$36,821 of expired credits in 2015 that created a difference between Table 3 and Table 4 in the report. The Division recommends RMP revise its Table 4 to reconcile the difference with Table 3, and Table 1 in its Third Annual STEP Status Report.

Therefore, the Division recommends the Commission direct RMP to revise its Table 4 in this report and Table 1 in its Third Annual STEP Status Report to show the \$36,821 of expired deposits for 2015 and acknowledge RMP's Utah Solar Photovoltaic Incentive Program Annual Report filed on June 1, 2020.

Cc: Joelle Steward, RMP
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Michele Beck, OCS