



State of Utah

Department of Commerce Division of Public Utilities

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Justin Christensen, Utility Analyst

Date: April 21, 2021

Re: **Docket No. 21-035-21**, Rocky Mountain Power's 2020 Annual Report of the Blue Sky Program.

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (Company) 2020 Annual Report of the Blue Sky Program filed on March 25, 2021 pending the Company's compliance with previous Commission Orders.

Issue

Pursuant to Commission Orders in Docket Nos. 00-035-T01 and 07-035-T13, on March 25, 2021, the Company filed with the Commission its Annual Report of the Blue Sky Program (2020 Annual Report) covering the Calendar Year 2020. On March 25, 2021, the Commission issued an Action Request to the Division requesting a review of the 2020 Annual Report and to make any recommendations by April 26, 2021. This memorandum represents the Division's response to the Commission's Action Request.

Background

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 including 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 2020 Blue Sky Annual Report in light of the Commission Orders and found that the report substantially meets the filing requirements.

Discussion

The Company provided a spreadsheet detailing the 2020 program results. In addition to the spreadsheet, the Company provided the following exhibits:

Exhibit A: Letter Report for Residential Customers

Exhibit B: Letter Report for Non-Residential Customers

Exhibit C: Certificate for Non-Residential Customers

The Blue Sky Annual Report shows Total Company Block sales for 2020 at 3,728,109 of which 1,860,732 blocks were attributable to Utah. Block sales for Utah decreased 3.7% from 2019 to 2020. Effective January 1, 2020, the size of the renewable energy blocks were doubled from 100kW to 200kW.² The Company indicated that the decrease in block sales may be due to

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.

² Docket No. 19-035-T15, Rocky Mountain Power’s Proposed Changes to Schedules Nos. 70 and 72, Renewable Energy Rider and Renewable Energy Rider Bulk Purchas, October 15, 2019

customers not purchasing as many blocks to cover their usage. Also, due to COVID 19, program marketing, events, and communication activities decreased significantly in 2020.

The Company's REC purchase commitment for 2020 was 745,621. This is an increase of 94% from last year. The increase appears to be primarily due to the change in REC block size. In the 2019 annual report, the average price for RECs was \$1.94. In the 2020 annual report, the average price for REC's was \$3.67. The increase in the REC purchase commitment along with an increase in REC prices has resulted in additional money spent on RECs in 2020. The Company's report indicates 642,739 RECs invoiced to meet the REC purchase commitment for 2020. An additional 102,883 RECs are pending purchase. In accordance with the Company's tariff Schedule 70 and 72, the Company must purchase renewable energy within two years of a customer's block purchase. REC purchases are certified annually by Green-e, usually by July or August each year for the prior year. The 2019 Green-e Audit was completed in June 2020. The 2020 Green-e Audit should be completed in the summer of 2021.

The 2020 Annual Report shows the January 2020 Utah program liability account balance of \$8.6 million. This balance includes \$1.85 million retained for Blue Sky Solar projects that the Company indicates are under contract but not completed. Project award distributions totaled \$2.5 million in 2020. \$1.4 million is retained for the Company's Hill Air Force Base build project. The Hill Air Force Base project is a 350 kW solar photovoltaic array with 310 kW serving the base and 40 kW serving the museum at the base. The project is substantially complete and a ribbon cutting ceremony is planned for May 2021.

On a Utah basis, \$2.8 million in revenue was received over the reporting period. Utah allocated Program operating expenses for the 2020 period were \$440,296, a 12.8% increase from 2019 operating expenses. Due in part to a cancelation of a Company Blue Sky Build project, the available uncommitted funds balance is \$4.3 million. The balance is quite high, however, the Company indicates the balance may decrease due to the market increase in REC prices, the increase in block kW size, and the Company's commitment to promoting projects for the coming year.

The Division noted that the Company is not providing all the required information on Blue Sky projects as directed in the Commission's Order in Docket No. 00-035-T01. The report is missing a description of each community project along with project location information. The Division recommends this information be provided in reply comments and in future filings.

The Company has changed the project awards from an annual award program to awarding projects throughout the year. The Division is not as involved in the project award process as in previous years; therefore, the Division requests additional information be provided in future filings. The Division requests detail on each community project, including whether they serve low-income/underserved communities, and the percentage of Blue Sky funding awarded to each community project.

Conclusion

The Division requests the Company comply with the Commission Order in Docket No. 00-035-T01 and provide a description of each community project along with project location information in this and future filings.

In future filings, the Division requests the Company be directed to include community project information including if the project is in underserved communities, and the percentage of Blue Sky funds awarded to each project total.

After reviewing the information contained in the 2020 Annual Report, the Division concludes that the report substantially complies with Commission Orders and adheres to the Commission's reporting requirements. The Division recommends the Commission acknowledge the 2020 Blue Sky Annual Report pending compliance with previous Commission Orders.

Cc: Michael Snow, Rocky Mountain Power.
Michele Beck, Office of Consumer Services
Service List