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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

Doug Wheelwright, Utility Technical Consultant Supervisor

Bob Davis, Utility Technical Consultant

Scott Abbott, Intern

Date: June 28, 2021

Re: **Docket No. 21-035-34**, Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2021 Annual Report.

Recommendation (Acknowledge)

The Division of Public Utilities (Division) reviewed Rocky Mountain Power's (RMP) Utah Solar Photovoltaic Incentive Program Annual Report (Report) for the January 1, 2020, through April 30, 2021 reporting period, and finds that it meets the Utah Public Service Commission's (Commission) past Orders and Directives. Based on its review, the Division recommends the Commission acknowledge RMP's Report.

Issue

On June 1, 2021, RMP filed with the Commission its Utah Solar Photovoltaic Incentive Program (USIP) Annual Report for the 2020 program year. On June 2, 2021, 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, 2021. On June

2, 2021, the Commission issued its Notice of Filing and Comment Period. Any interested person may submit comments on or before July 1, 2021 and reply comments on or before July 16, 2021.

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 for 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

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

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.

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 (STEP) 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. The revisions to Schedule No. 107 included 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 unnecessary and no longer included.

The Commission’s letter dated July 31, 2017, in Docket No. 17-035-35, acknowledged RMP’s 2017 Solar Photovoltaic Incentive Program (Schedule 107) Annual Report and 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’s Order dated September 9, 2018, approved RMP’s request to eliminate several parts of the USIP Annual Report as redundant information and to only keep the information needed to track the program.

On June 28, 2019, the Commission issued its Order in Phase Five of RMP’s STEP Program. The Commission approved RMP’s request to use \$13 million of surplus USIP funds for its Advanced Resiliency Management System Project (ARMS).

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 August 20, 2019, Docket No. 19-035-T12, the Commission approved a refund of \$3.06 million in surplus revenue collected from Schedule No. 107 through December 2016 as a reduction in Electric Service Schedule No. 196, Sustainable Transportation and Energy Plan Cost Adjustment Pilot Program, rates over one year beginning November 1, 2019.

Discussion

This year's Report contains the information required by previous Commission Orders and Directives. In Attachment A, the column labeled "Incentivized Size kW_{CSI-AC}" compared to the column labeled "kW_{CSI-AC}" shows the variance between the system kW capacities applied for and actual installed project capacities. 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). The report shows that the actual capacity is less than ten-percent lower than the application amount from 2014 to 2016.

Attachment B, Large Non-Residential Production Data, appears to be complete and free from error. RMP uses the National Renewable Energy Laboratory's (NREL) PVWatts 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 needed 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 the average and median percentage, 50 percent and 46 percent, respectively, of actual production to calculated production for all large non-residential customers continues to decline year over year and is less than 85 percent. This is based on a 22 percent NREL PVWatts efficiency factor.

Table 7, USIP Program Revenue Surplus Refund, is a new addition following docket 19-035-T12, which allowed for the refund of \$3.06 million collected for USIP through the STEP

⁶ Rocky Mountain Power, Electric Service Schedule No. 107, Solar Incentive Program, Sheet No. 107.5, Incentives: (Continued), https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/107_Solar_Incentive_Program.pdf.

program. This table properly documents the refund, as stipulated in the Commission's order. However, the table shows refunds totaling \$3.16 million, or approximately \$100,000 more than what was originally stipulated. Even with this increase in expense, the \$3.16 million will still provide RMP with a cushion of nearly \$400k, a cushion agreed upon in the docket. The Division will continue to monitor the situation according to the stipulations agreed upon, with any remaining balance to be discussed in the STEP exit strategy meeting following the termination of the Program in 2023.

Projected expenditures show a decrease in the administration expenses by approximately \$10,000 for the years 2021, 2022 and 2023. The Division commends RMP on its ability to cut costs, and expects this money to be included in the remaining balance and subsequent discussions as previously noted.

Expired deposits offset administrative and marketing expenses to run the program. Revised Table 4, for the cumulative period of 2012 through 2021, 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 secured.⁷ Large Non-Residential customers had 18 months from the time the reservation capacity was reserved. 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 are 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 2021. RMP also includes information about the disposition of RECs. Registration with the Western

⁷ 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.

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 41,411 total RECs in Table 6 of the report.

Conclusion

RMP's June 1, 2021 Report contains the information required by previous Commission Orders and Directives and includes cumulative program data through April 30, 2021.

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 STEP program will continue paying USIP administrative and incentive expenses of approximately \$1,485,420 through 2023. The USIP report, as filed, reconciles to information contained in the Fourth Annual STEP Status Report filed with the Commission on April 29, 2021.

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