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## 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  
Doug Wheelwright, Technical Consultant Supervisor  
Bob Davis, Utility Technical Consultant  
Bhavana Venjimuri, Utility Analyst

**Date:** April 25, 2022

**Re:** **Docket No. 22-035-11**, Rocky Mountain Power's 2021 Annual Report of the Subscriber Solar Program

### Recommendation (Acknowledge)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (Commission) acknowledge Rocky Mountain Power's (RMP) Subscriber Solar Program (Program) Annual Status Report (Report) for the 2021 annual reporting period. The Program continues to be 100-percent subscribed at the end of 2021. The Program's 2021 liability account ending balance of \$1,921,232 is \$19,438 less than its beginning balance of \$1,940,715.

### Issue

On March 24, 2022, RMP filed its 2021 Report with the Commission. On March 25, 2022, the Commission issued an action request to the Division to review RMP's filing for compliance and to make recommendations. The Commission asked the Division to report back by April 22, 2022. On March 29, 2022, the Commission issued its Notice of Filing and

Division of Public Utilities

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Comment Period allowing any interested party to submit comments on or before April 25, 2022, and reply comments on or before May 10, 2022.

## **Background**

On September 21, 2015, RMP filed the parties' settlement agreement (Agreement) in Docket No. 15-035-61. The Agreement set forth parameters and operational guidelines for the Subscriber Solar Program (Program). The Commission approved the settlement on October 21, 2015. The Subscriber Solar facility, located near Holden, Utah, began commercial operation during December of 2016.

On May 9, 2019, RMP filed its application with the Commission requesting approval for changes to its tariff Schedule No. 73, allowing subscriber solar program customers, when available, the ability to subscribe up to 100 percent of their usage from the program. Various revisions have been made to the tariff over the years and the current Schedule No. 73 has been effective since January 1, 2020.

RMP has filed six reports for the Program since its inception. RMP filed its first report on July 19, 2017, for the first six months of operations. RMP's first full-year report was filed on March 30, 2018, for the full 2017 calendar year. RMP has since filed its annual status reports by the end of March each year. The 2021 annual report filed on March 24, 2022, is the subject of the Division's comments herein.

## **Discussion**

The original Program offered Utah customers the opportunity to purchase 200 kilowatt-hour (kWh) blocks of electricity from RMP's solar resource near Holden, Utah.<sup>1</sup> These 200 kWh blocks were offered on a first-come, first-served basis at a fixed price for a given contract length of two, five, seven, or ten years. The Program is offered through Schedule No. 73 for residential tariff Schedules 1, 2, 3, small non-residential tariff Schedule 23, and large non-

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<sup>1</sup> See Commission Order Approving Amended Settlement Agreement, Docket No. 15-035-61, October 21, 2015, Exhibit A, page 5, ¶ 14, <https://pscdocs.utah.gov/electric/15docs/1503561/2700851503561oaasa.pdf>.

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residential tariff Schedules 6, 6A, 6B, 8, 9, and 9A. The Commission's 2019 Order allows customers to offset their energy needs with 100 percent subscription from the Program.

RMP reports 2,367 block customers and 855 full coverage customers. RMP's current report shows that 98.1 percent of the Program's energy output was subscribed at the end of 2021 (47,361,700 kWh of the 48,263,412 kWh generated). The close of calendar year 2021 has 236,809 blocks subscribed. These blocks are composed of 88,466 residential and 148,343 commercial customers, which is a slight decrease from last year's 242,036 blocks. The current allocation of the [REDACTED] facility is roughly 37 percent residential and 63 percent commercial. The current subscription ratio remains close to the original design of 34 percent residential and 66 percent commercial.

The Subscriber Solar Program is supported by a [REDACTED] solar facility located near Holden, Utah. RMP's final PPA contract price with the solar provider was [REDACTED] when the program began operation.<sup>2</sup> The contract with the solar provider is based upon an average purchase of [REDACTED] with on-peak defined as Monday through Saturday 9 a.m. to 11 p.m. and off-peak being all other hours plus holidays. However, the solar facility can generate more than [REDACTED] RMP purchases all the generation the facility produces and books the difference to net power costs (NPC). The facility generated a total of 245,048,514 kWh of on-peak and off-peak energy over the period January 2017 through December 2021. The generation sold through this program over the same period is 234,640,795 kWh or 96 percent of the total production. Additional generation that is greater than the subscribed amount is purchased by RMP and flows through the Energy Balancing Account (EBA) as NPC. In 2021, only \$47,610 was booked to NPC which is lower than the \$83,722 reported in 2020. These values illustrate that the facility and the program continue to trend towards one-hundred percent utilization by Subscriber Solar customers. There is no significant cost shift or obligation paid by non-participating customers through the EBA.<sup>3</sup>

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<sup>2</sup> The Company updated the generation cost at its July 19, 2017, Subscriber Solar Program and Plug-In Electric Vehicle Status Update with interested parties, page 9, under Docket No. 15-035-61.

<sup>3</sup> RMP Exhibit A – Program Dashboard Report 3-24-2022, Summary Tab.

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RMP's intent for the Program is that those participating in the Program would pay all costs associated with the program. RMP's cost or pricing estimates allow for an initial ramp or subscription period through 2020. Therefore, if the Program meets RMP's projected ramp rate and remains fully subscribed, the Program would be underfunded in the ramp period but overfunded in the later years such that over the life of the Program, subscribers will fully fund the Program. However, if the Program does not meet the ramp rate or is undersubscribed at any point, the associated costs of the Program are borne by all ratepayers through the Energy Balancing Account (EBA) as a net power cost item. At the time of this report, the Subscriber Solar program is progressing better than planned. The Program's original design cost for the period of January 2017 through December 2021 was forecast at \$4,335,956. The actual net Program cost for the period was \$2,609,964, roughly 40 percent below the original forecast or \$1,774,842 including the add-back of cancellation fees.<sup>4</sup>

The actual 2021 net Program surplus of \$309,770 is composed of the following expenses and revenues: generation PPA expense of \$2,552,927; program administration and marketing expense of \$76,895; interest expense of \$62,803, for a total 2021 program expense of \$2,692,625.<sup>5</sup> These expenses are offset by revenues of \$3,001,345, and cancellation credit fees of \$1,050, for a total 2021 program revenue of \$3,002,395.<sup>6</sup>

The Division also monitors the liability account of the Program. As of January 1, 2021, the beginning balance of the liability account was \$1,940,715.<sup>7</sup> The additions of \$76,895 in expenses and \$62,803 in interest, less amortization of \$159,181, results in a liability account ending balance, as of December 31, 2021, of \$1,921,232. The Division notes some insignificant discrepancies between the numbers reported on the Summary Tab under Utah Liability Account Balance Reconciliation compared to the 2021 Dashboard Tab and Exhibit

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<sup>4</sup> Costs include Administration, Marketing, and Billing for years 2015, 2016, 2017, 2018, 2019, 2020, and 2021 (21,723, 1,290,260, 349,358, 237,008, 199,267, 372,650, and 139,698, respectively). There are \$368,058 in accumulated interest expenses, and \$48,850 in accumulated cancellation fees.

<sup>5</sup> RMP Exhibit A – Program Dashboard Report 3-24-2022, Summary Tab and 2020 Dashboard Tab, (2021 Total Management/Administrative/Marketing + Total Interest + Generation Expense).

<sup>6</sup> *Id.*, 2021 Dashboard Tab.

<sup>7</sup> RMP Exhibit A – Program Dashboard Report 3-24-2022, Summary Tab.

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D – Liability Account Analysis 3-24-2022. The Division reported these discrepancies to RMP on March 31, 2022, and asked RMP to correct its reports. Since the discrepancies did not materially change the outcome of the report, the Division does not suggest that RMP be required to refile its Exhibit A.

Pursuant to correspondence from the Commission’s Secretary filed August 16, 2017, RMP was directed to include the following items in its annual report: (1) the total number of kWh donated, broken out by the various classes of participants; (2) the avoided cost rate; and (3) the total dollar value of the donated kWh.<sup>8</sup> RMP reports that 3,091,334 kWh were donated to the Low Income Assistance Fund in 2021 consisting of: 2,887,748 kWh from Commercial customers; 2,600 kWh from Industrial customers; and 200,986 kWh from Residential customers.<sup>9</sup> The avoided cost rates used to calculate the credit consist of the allocated summer and winter, on-peak and off-peak, rates from the current Schedule 37, P.S.C.U. 51,<sup>10</sup> Avoided Cost Purchases from Qualifying Facilities, and Non-Levelized Tracking Solar Facility for 2020.<sup>11</sup> Utilizing the June 1, 2021 authorized rates for Non-Levelized Tracking Solar, the reported total dollar amount of donated kWh is \$50,147.

The Renewable Energy Credits (RECs) produced by the solar generation facility are transferred to RMP’s Western Renewable Energy Generation Information System (WREGIS) account on behalf of the subscribers and retired. Schedule No. 73, under special condition nine, allows customers to have RMP deposit RECs to their own WREGIS accounts at their own expense if requested. Salt Lake City requested that RMP deposit 6,667 RECs based on 6,666,543 kWh to Salt Lake City’s WREGIS account and retired.

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<sup>8</sup> Correspondence from the Public Service Commission, August 16, 2017, Docket No. 15-035-61, Gary L. Widerburg, at page 2. <https://pscdocs.utah.gov/electric/15docs/1503561/295997CorresWiderburg8-16-2017.pdf>.

<sup>9</sup> RMP Exhibit A – Program Dashboard Report 3-24-2022, Solar Credits Donated Tab.

<sup>10</sup> The avoided cost rate is first allocated by on-peak/off-peak time per day, then allocated again by number of summer and winter months.

<sup>11</sup> See RMP Electric Service Schedule No. 37.6, Tracking Solar Facility, Non-Levelized Prices, 2021, Effective June 1, 2021, [https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/037\\_Avoided\\_Cost\\_Purchases\\_from\\_Qualifying\\_Facilities.pdf](https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/037_Avoided_Cost_Purchases_from_Qualifying_Facilities.pdf).

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The Division noted in its prior reports that RMP should update its Program Cost Model-Proprietary Exhibit B to reflect current tax laws due to federal tax reforms under the Trump administration. The Division notes that this year's tax rate has not changed from last year. The tax rate does not have a material impact on the spreadsheet, or this year's Subscriber Solar annual results. However, the tax rate is an input to the spreadsheet model and should match RMP's current tax rate. The Division reiterates that RMP should update its Program Cost Model-Proprietary Exhibit B to reflect all current conditions where applicable.

## **Conclusion**

The Division has reviewed RMP's Subscriber Solar Report for the 2021 annual reporting period. The Program continues to be 100-percent subscribed at the end of 2021 with a wait list of potential customers. The Program is running better than expected with a liability account balance of \$1,921,232 at the end of 2021 compared to \$1,940,715 at the beginning of 2021, a slight decrease of \$19,438.

The Division recommends the Commission acknowledge RMP's 2021 annual Subscriber Solar Status Report.

cc: Jana Saba, RMP  
Michael Snow, RMP  
Michele Beck, OCS  
Service List