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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, Utility Technical Consultant Supervisor

Bob Davis, Utility Technical Consultant

Date: June 23, 2022

Re: **Docket No. 22-035-23**, Rocky Mountain Power's Utah Solar Photovoltaic Incentive Program (Schedule No. 107) 2022 Annual Report

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (Division) reviewed Rocky Mountain Power's (RMP) Utah Solar Photovoltaic Incentive Program Annual Report (Report) for January 1, 2021, through April 30, 2022, and finds that it meets the Utah Public Service Commission's (Commission) past Orders and Directives. The Division recommends the parties discuss the remaining USIP expenditures along with the STEP surplus during discussions to be determined in 2022. Based on its review, the Division recommends the Commission acknowledge RMP's Report.

Issue

On May 24, 2022, RMP filed its seventh Utah Solar Photovoltaic Incentive Program (USIP) Annual Report for the 2021 program year with the Commission. On May 24, 2022, 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 June 23, 2022. On May 25, 2022, the Commission issued its Notice of Filing and

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Comment Period allowing any interested person to submit comments on or before June 23, 2022, and reply comments on or before July 8, 2022.

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 specified that RMP's annual report 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 The Division and Office of Consumer Services (OCS) required additional filing requirements in subsequent years including date of deposit, completion date of the project, date of incentive payout, subtotals for each sector, and cumulative totals. RMP has provided the required data for each program year as well as cumulative data in the annual report as the program progresses. RMP uses a balancing account to track USIP program costs, which includes summary entries, account balances, and 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 Bench Ruling Approving Settlement Stipulation." Paragraph 14 of the Stipulation directed 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 the administration of the Cool Keeper Program requirements for Solar Incentive customers.³

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.

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.

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

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).

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

Like the conclusion of the STEP Pilot in 2021, the USIP is nearing completion at the end of 2023. Consistent with prior year reports, 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

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.

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 Incentivized Size kW_{CSI-AC} capacity is on average approximately ten percent lower than the application kW_{CSI-AC} capacity from 2013 to 2016. As expected, these values have not changed from last year’s report other than the accumulated renewable energy credits discussed below.

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,⁷ was a new addition to last year’s report which allowed for a refund of \$3.06 million collected for USIP through the STEP program. The refund has been completed and therefore no changes are reported in this year’s report.

RMP reported \$1,023,487 of incentives in 2021 and \$186,887 through April of 2022. Administrative expenditures of \$1,506 continue to decline as the USIP program nears its

⁶ Rocky Mountain Power, Electric Service Schedule No. 107, Solar Incentive Program, Sheet No. 107.5, Incentives:

https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/107_Solar_Incentive_Program.pdf.

⁷ See Docket No. 21-035-34 following the Commission’s Order in Docket No. 19-035-T12.

completion at the end of 2023. There were no Marketing, Program Development, or Expired Deposits expenses reported.

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 2022. 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 49,748 total RECs in Table 6 of the report.

RMP provides Projected USIP Expenditures through 2023 in Table 5 of its report. The Program totals for Administration and Incentive Payouts for the period of April through December of 2022 and the 2023 program year are \$9,600 and \$464,563, respectively.⁸

The Division recommends parties include the pending closure of the USIP program with the STEP discussions to be held in 2022.

Conclusion

The STEP program will continue to pay USIP administrative and incentive expenses of approximately \$474,163 through 2023 even though the STEP Pilot ended on December 31, 2021. The Division recommends the parties discuss the remaining USIP expenditures along with the STEP surplus during discussions to be determined in 2022.

RMP's May 24, 2022, Report contains the information required by previous Commission Orders and Directives and includes cumulative program data through April 30, 2022. The USIP report, as filed, reconciles to the information contained in the Fifth Annual STEP

⁸ Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2022 Annual Report, Docket No. 22-035-23, May 24, 2022, Utah Solar Incentive Program – 2022 Annual Report, page 3, Table 5, <https://pscdocs.utah.gov/electric/22docs/2203523/324091UtSPIP2022AnlRprt5-24-2022.pdf>.

Status Report filed with the Commission on April 29, 2022, in Docket No. 22-035-13.⁹
Therefore, the Division recommends that the Commission acknowledge RMP's seventh annual USIP Report.

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

⁹ Rocky Mountain Power's Fifth Annual Sustainable Transportation and Energy Plan Act ("STEP") Program Status Report, Docket No. 22-035-13, April 29, 2022, page 19.0, <https://pscdocs.utah.gov/electric/22docs/2203513/323788RMP20215thSTEPPrgrmRprt4-29-2022.pdf>.