



SPENCER J. COX  
Governor

DEIDRE M. HENDERSON  
Lieutenant Governor

## UTAH DEPARTMENT OF COMMERCE

### Division of Public Utilities

MARGARET W. BUSSE  
Executive Director

CHRIS PARKER  
Division Director

**Redacted**

## Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director  
Brenda Salter, Assistant Division Director  
Doug Wheelwright, Utility Technical Consultant Supervisor  
Bob Davis, Utility Technical Consultant

**Date:** April 25, 2023

**Re:** **Docket No. 23-035-16**, Rocky Mountain Power's 2022 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 2022 annual reporting period. The Program continues to be 100 percent subscribed at the time of this filing. The Program's 2022 liability account ending balance of \$1,866,628 is \$54,604 less than the 2021 ending balance of \$1,921,232.

## Issue

On March 28, 2023, RMP filed its 2022 Report with the Commission. On March 28, 2023, the Commission issued an action request to the Division asking it to review RMP's filing for compliance and to make recommendations. The Commission asked the Division to report back by April 27, 2023. On the same day, the Commission issued its Notice of Filing and Comment Period asking any interested person to submit comments by April 27, 2023, and reply comments by May 12, 2023.

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741  
[www.dpu.utah.gov](http://www.dpu.utah.gov) • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

Redacted

## 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. The Commission approved the settlement on October 21, 2015.

The Subscriber Solar Program is supported by a [REDACTED] facility located near Holden, Utah. The facility began commercial operation in December 2016. RMP's final PPA contract price with the solar provider was [REDACTED] when the program began operation.<sup>1</sup> The contract with the solar provider is based upon an average purchase of [REDACTED] [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 of the generation the facility produces and books the difference to net power costs (NPC).

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

RMP has filed seven 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 each year by the end of March. The 2022 annual report filed on March 28, 2023, is the subject of the Division's comments herein.

---

<sup>1</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.

Redacted

## Discussion

The Program offers Utah customers the opportunity to purchase 200 kilowatt-hour (kWh) blocks of electricity from RMP's solar resource near Holden, Utah.<sup>2</sup> These 200 kWh blocks are 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-residential tariff Schedules 6, 6A, 6B, 8, 9, and 9A. The Commission's 2019 Order allows customers to offset 100 percent of their energy needs from the Program.

RMP reports 2,231 block customers and 893 full coverage customers. RMP's current report shows that the Program's invoiced energy consumption exceeded the generation resource's output by 106.5 percent. The output was fully subscribed at the end of 2022 (49,016,395 kWh of the 46,040,088 kWh generated).<sup>3</sup> RMP reports 245,082 blocks subscribed at the end of 2022. The blocks are composed of 87,387 residential and 157,695 commercial customers, which is a 3.5 percent increase from last year's 236,809 blocks. The current allocation of the [REDACTED] facility is roughly 36 percent residential and 64 percent commercial. The current subscription ratio remains close to the original design of 34 percent residential and 66 percent commercial.<sup>4</sup>

The facility generated a total of 291,088,602 kWh of on-peak and off-peak energy over the period January 2017 through December 2022. The generation sold through this program over the same period is 283,657,190 kWh or 97.5 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 2022, the program used more energy than the resource produced resulting in a savings of \$157,149 that would have otherwise been booked to NPC compared to the \$47,610 reported in 2021. These values

---

<sup>2</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>.

<sup>3</sup> Rocky Mountain Power stated in its summary notes that it was researching why the solar resource generated less energy compared to prior years nor did RMP offer any accounting for the EBA costs related to the Program's additional load requirement beyond that generated by the resource.

<sup>4</sup> RMP Exhibit A – Program Dashboard Report (Excel) 3-28-2023, Docket No. 23-035-16, Summary and 2022 Dashboard Tabs.

Redacted

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>5</sup>

RMP's intent for the Program is that those participating customers in the Program would pay all associated costs. RMP's cost or pricing estimates allowed for an initial ramp or subscription period through 2020. If the Program met RMP's projected ramp rate and remained fully subscribed, the Program would be underfunded in the ramp period but overfunded in the later years and over the life of the Program with subscribers fully funding the Program. If the Program did 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 has performed better than planned. The Program's original design cost for the period of January 2017 through December 2022 was forecast at \$4,825,952. The actual net Program cost for the period was \$2,717,366, roughly 56 percent below the original forecast or a savings of \$2,158,886 including cancellation fees.<sup>6</sup>

The 2022 Program net surplus of \$567,216 is composed of the following expenses and revenues: generation PPA expense of \$2,430,535; program administration and marketing expense of \$49,646; interest expense of \$57,756, for a total 2022 program expense of \$2,537,937.<sup>7</sup> These expenses are offset by revenues of \$3,103,730, plus cancellation credit fees of \$1,450, for a total 2022 program revenue of \$3,105,153.<sup>8</sup>

The Division also monitors the liability account of the Program. As of January 1, 2022, the beginning balance of the liability account was \$1,921,232. The additions of \$49,646 in

---

<sup>5</sup> *Id.*

<sup>6</sup> Costs include Administration, Marketing, and Billing for years 2015 through 2022, (21,723, 1,290,260, 349,358, 237,008, 199,267, 372,650, 139,698, and 107,403, respectively). There are \$425,814 in accumulated interest expenses, and \$50,300 in accumulated cancellation fees.

<sup>7</sup> *Supra* note 4, (2022 Total Management/Administrative/Marketing + Total Interest + Generation Expense).

<sup>8</sup> *Id.*, 2022 Summary Tab and Dashboard Tab.

Redacted

expenses and \$57,756 in interest, less amortization of \$162,007, results in a liability account ending balance, as of December 31, 2022, of \$1,866,628.<sup>9</sup>

Pursuant to correspondence from the Commission filed on 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>10</sup> RMP reports that 1,262,631 kWh were donated to the Low Income Assistance Fund in 2022 consisting of: 1,124,712 kWh from Commercial customers; 1,051 kWh from Industrial customers; and 136,868 kWh from Residential customers.<sup>11</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 No. 37,<sup>12</sup> Avoided Cost Purchases from Qualifying Facilities, for 2022 Non-Levelized Tracking Solar Facility.<sup>13</sup> Utilizing the June 1, 2022 authorized rates for Non-Levelized Tracking Solar, the reported total dollar amount of donated kWh is \$31,928.

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 request that RMP deposit RECs to their own WREGIS accounts at their own expense.<sup>14</sup> Salt Lake City supported 6,183,834 kWh through its Subscriber Solar account and therefore requested RMP to deposit 6,184 RECs to its WREGIS account, which were retired.

---

<sup>9</sup> *Supra* note 4, Summary Tab.

<sup>10</sup> *Public Service Commission Correspondence from Gary L. Widerburg*, Docket No. 15-035-61, August 16, 2017, at page 2, <https://pscdocs.utah.gov/electric/15docs/1503561/295997CorresWiderburg8-16-2017.pdf>.

<sup>11</sup> *Supra* note 4, Solar Credits Donated Tab.

<sup>12</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>13</sup> RMP Electric Service Schedule No. 37, *Avoided Cost Purchases From Qualifying Facilities, Tracking Solar Facility* 37.6, Non-Levelized Prices, 2022, Effective June 1, 2022, [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).

<sup>14</sup> RMP Electric Service Schedule No. 73, *Subscriber Solar Program Rider – Optional, Special Condition* 9, 73.3, Effective January 1, 2021, [https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/073\\_Subscriber\\_Solar\\_Program\\_Rider\\_Optional.pdf](https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/073_Subscriber_Solar_Program_Rider_Optional.pdf).

**Redacted**

The Division noted in prior reports that RMP should update its Program Cost Model-Proprietary Exhibit B annually to reflect current tax laws due to federal tax reforms under the Trump administration.<sup>15</sup> 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.

The Division has concerns that the Program may be over-subscribed given that the reported invoiced program kWh exceeded the energy generated by the facility at Holden, UT. However, the Division could not draw any conclusions that warrant any action from the Commission at this time but plans to monitor the possible over-subscription going forward. The Division also recognizes that perfectly predicting production is impossible, making marginal under-and over-subscription likely in some years.

## **Conclusion**

The Division has reviewed RMP's Subscriber Solar Report for the 2022 annual reporting period. The Program continues to be 100 percent subscribed at the end of 2022 with a waiting list of potential customers. The Program is running better than expected with a liability account balance of \$1,866,628 at the end of 2022 compared to \$1,921,232 at the beginning of 2022, a decrease of \$54,604.

The Division recommends the Commission acknowledge RMP's 2022 annual Subscriber Solar Status Report.

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

---

<sup>15</sup> *Division Comments on RMP's Subscriber Solar Annual Status Report for 2018*, Docket No. 19-035-15, April 29, 2019, at page 5, <https://pscdocs.utah.gov/electric/19docs/1903515/307868RdctdDPUCmnts4-29-2019.pdf>.