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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
Brenda Salter, Assistant Director
Doug Wheelwright, Utility Technical Consultant Supervisor
Bob Davis, Utility Technical Consultant
Annette Orton, Utility Analyst

Date: June 21, 2023

Re: **Docket No. 23-035-24**, Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2023 Report

Recommendation (Acknowledge)

The Division of Public Utilities (Division) reviewed Rocky Mountain Power's (RMP) Utah Solar Photovoltaic Incentive Program (USIP) Annual Report (Report) for January 1, 2022, through May of 2023, and finds that it meets the Utah Public Service Commission's (Commission) past Orders and Directives. The Division recommends the Commission acknowledge RMP's Report.

Issue

On May 22, 2023, RMP filed its Report for the 2022 reporting period. On May 22, 2023, the Commission issued an action request asking the Division to review RMP's filing for compliance and to make recommendations. The Commission asked the Division to report back by June 21, 2023. On May 23, 2023, the Commission issued its Notice of Filing and Comment Period asking any interested person to submit comments on or before June 21, 2023, and reply comments on or before July 6, 2023.

Division of Public Utilities

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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 been providing 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 include summary entries, account balances, expired deposits with a footnote or explanation of the variance between Attachment A numbers for (kW_{CSI-AC})² and those contained in the report.³

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.⁴

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, at 10.

² kW_{CSI-AC} is the customer solar incentive (CSI) energy value after conversion from direct current (DC) to alternating current (AC) and before the solar incentive caps have been applied.

³ Docket No. 15-035-57, *Commission Letter to Company*, August 24, 2015, at 2, and OCS's *Recommendation Comments* filed July 1, 2015, at page 3.

⁴ Docket No. 16-035-21, *Commission Order Acknowledging the 2016 Solar Photovoltaic Incentive Program Report, and Memorializing Bench Ruling Approving Settlement Stipulation*, December 29, 2016, Appendix, at 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, 2016.⁵ 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.⁶

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 on November 1, 2019.⁷

Discussion

The USIP is scheduled to sunset 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 and has not changed since the program

⁵ Docket No. 16-035-36, *Phase One Report and Order*, December 29, 2016, at 15, ¶ 2.

⁶ Docket No. 17-035-35, Commission *Letter from Gary Widerburg*, July 31, 2017, at 2, <https://pscdocs.utah.gov/electric/17docs/1703535/295623CorresWiderburg7-31-2017.pdf>.

⁷ Docket No. 22-035-T12, *Order*, August 20, 2019, at 2, <https://pscdocs.utah.gov/electric/19docs/19035T12/30972919035T12o8-20-2019.pdf>.

closed to new participants in 2016. 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 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 107.⁸ 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 that RMP has not enforced the 85 percent requirement and has been adjusting incentives as required. The Division notes the average and median total production compared to calculated production is 52 percent and 51 percent, respectively, based on a 22 percent NREL PVWatts efficiency factor.⁹

RMP reported \$627,325 of incentive expenditures in 2022 with no incentive expenditures reported in January through May of 2023. There were no Administrative, Marketing, Program Development, or Expired Deposits expenses reported for 2022 through May of 2023. RMP is not expecting any Administration or Incentive Payouts for the remainder of 2023 or 2024, illustrated in Table 5 of its Report.¹⁰

⁸ Rocky Mountain Power, Electric Service Schedule No. 107.5, *Solar Incentive Program*, Incentives, https://www.rockymountainpower.net/content/dam/pcorp/documents/en/rockymountainpower/rates-regulation/utah/rates/107_Solar_Incentive_Program.pdf.

⁹ Docket No. 23-035-24, Rocky Mountain Power, *Attachment B – Large Non-Residential Production Data (Excel)*, May 22, 2023, <https://psc.utah.gov/2023/05/23/docket-no-23-035-24/>.

¹⁰ Docket No. 23-035-24, *Rocky Mountain Power’s Solar Photovoltaic Incentive Program (Schedule 107) 2023 Annual Report* filed May 22, 2023, at 3, Table 5, <https://pscdocs.utah.gov/electric/23docs/2303524/328033UTSlrIncntvPrgrm2023AnlRprt5-22-2023.pdf>.

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 May of 2023. 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 58,086 total RECs in Table 6 of this year's report.¹¹

The USIP Program Revenue Surplus Refund, Table 7, was an addition to RMP's 2021 report which accounted for the \$3.06 million refund mentioned above. This year's report includes the estimated remaining USIP surplus funds of \$865,677 through 2023, with \$192,930 having already been refunded for January through March. RMP expects the USIP program balance to be zero by December 31, 2023.¹²

Conclusion

RMP's May 22, 2023, Report contains the information required by previous Commission Orders and Directives and includes cumulative program data through May of 2023. The USIP report, as filed, reconciles to the information contained in the final STEP Annual Status Report filed with the Commission on April 29, 2022, in Docket No. 22-035-13.¹³

This year's report includes the estimated remaining surplus funds of \$865,677 through 2023 with \$192,930 having already been refunded for January through March. There are no expected administrative or incentive expenditures reported for the remainder of 2023 or 2024. The Division expects the Program will show a zero balance by the end of 2023.

¹¹ Docket No. 23-035-24, *supra* note 10, Table 6.

¹² *Id.* at 4.

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

The Division recommends that the Commission acknowledge RMP's 2023 USIP Annual Report.

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