



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

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Justin Christensen, Utility Analyst

Date: January 26, 2024

Re: **Docket No. 23-035-57**, Rocky Mountain Power's, Utah Carbon Reduction Progress Report.

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (Division) recommends that the Public Service Commission of Utah (Commission) acknowledge with recommendations Rocky Mountain Power's (RMP or Company) Utah Carbon Reduction Progress Report as it appears to comply with the Utah Energy Resource Procurement Act, Title 54 Chapter 17 Section 604. The Division recommends the Commission require RMP to update the Report indicating the effects of RMP's decision to suspend the 2022 AS RFP

Issue

On December 29, 2023, RMP filed with the Commission its Utah Carbon Reduction Progress Report in compliance with the Utah Energy Resource Procurement Act. On December 29, 2023, the Commission issued an Action Request for the Division to review for compliance and make recommendations by January 29, 2024. This memo is in response to the Commission's Action Request.

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 • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

Discussion

Utah Code Annotated § 54-17, Part 6 requires privately owned electric utilities and cooperative associations to develop and maintain a plan for implementing 20% renewable energy generation by the year 2025. A renewable energy progress report is to be filed by January 1 of each of the years 2010, 2015, 2020, and 2024. The electric companies are to report actual and projected renewable energy, qualifying energy for this target, cost, or cost-effectiveness information, as well as describe issues and conditions impacting renewable energy and qualifying electricity markets and make recommendations.

Included in the filing is the Company's Exhibit A which shows actual retail sales for 2022 of approximately 26,109,777 MWh. The Company's adjusted retail sales of 25,147,945 MWh excludes from retail sales the Class 2 Demand Side Management (DSM) as well as line losses. Calculating the requirement for 20% renewable energy results in an estimated amount of 5,029,589 MWh. The Company's estimated amount of qualifying electricity for 2025 inclusive of actual and estimated banked renewable energy sources is 38,106,779 MWh. Based on these numbers, the Company is well positioned to meet or exceed the 20% target by 2025.

The Company uses its IRP process as a resource acquisition framework. The IRP allows the Company to identify a preferred portfolio that results in a low-cost resource-risk balance and addresses environmental concerns. The 2023 IRP reported significant planned investments in renewable energy coupled with federal and state tax incentives that it claims allow the Company to deliver hundreds of millions of dollars in savings to its customers. Wind and solar should dominate U.S. capacity additions for the next decade, according to the IRP.

The Division notes that RMP filed to suspend the 2022 AS RFP¹ on September 29, 2023. The 2022 AS RFP included resource acquisitions incorporated into the 2023 IRP that may affect the 2025 renewable energy target. In the September filing, RMP indicated that updates would be provided periodically on whether the 2022 AS RFP will resume or be

¹ Application of Rocky Mountain Power for Approval of Solicitation Process for 2022 All Source Request for Proposals, Docket No. 21-035-52, Notice of Update to Schedule in 2022 All Source RFP, September 29, 2023.

terminated. RMP failed to include the suspension of the 2022 AS RFP in the Utah Carbon Reduction Report therefore the Division is unable to ascertain the impact of the suspension.

The Company has identified conditions that may have an impact on renewable energy sources or qualifying electricity markets as it progresses toward the 2025 target. These include:

- The availability of federal tax credits
- Wildlife habitat impacts
- Environmental regulation
- Energy Imbalance Market
- Cost and performance implications
- Transmission
- Other state and local policies

While compliance appears likely based on existing assets, RMP's suspension of the 2022 AS RFP seems likely to affect qualifying electricity levels to some degree.

The Company has identified three issues that should be addressed prior to its final progress report, due July 2026.

- Tracking and Verification of Renewable Energy Credits
- Statutory Requirement for beyond 2025
- Retirement of RECs for Utah Voluntary Renewable Energy Programs

The Division suggests including the 2022 AS RFP suspension to this list.

Utah Code Annotated § 54-17-604, Part 6 requires the Division to provide the Legislature with a summary report on the progress made by the electrical corporations by January 1, 2025. The Division will provide a more comprehensive review of Rocky Mountain Power's Utah Carbon Reduction Progress Report, along with the cooperative association reports in its January 1, 2025, report.

Conclusion

The Division has reviewed RMP's Utah Carbon Reduction Progress Report and recommends the Commission acknowledge the report as complying with the Utah Energy Resource Procurement Act, Title 54 Chapter 17 Section 604. The Division recommends the Commission require RMP to update the Report including the effects of RMP's decision to suspend the 2022 AS RFP.

cc: Joelle Steward, RMP
Jana Saba, RMP