



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 26, 2024

Re: **Docket No. 24-035-15**, Rocky Mountain Power's 2023 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 Report (Report) for the 2023 annual reporting period. The Program continues to be 100 percent subscribed at the time of this filing. The Program's 2023 liability account ending balance of \$1,844,224 is \$22,404 less than the 2022 ending balance of \$1,866,628.

Issue

On March 28, 2024, RMP filed its 2023 Report with the Commission. On the same day, the Commission asked the Division to review RMP's filing for compliance and make recommendations. The Commission asked the Division to report back by April 26, 2024. On March 29, 2024, the Commission issued its Notice of Filing and Comment Period asking any interested person to submit comments by April 29, 2024, and reply comments by May 14, 2024.

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

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.¹ 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 2023 annual report filed on March 28, 2024, is the subject of the Division's comments herein.

¹ 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.² 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 2,122 block customers and 905 full coverage customers for a total of 3,027 subscribers. This subscription total is slightly lower than last year's reported subscription of 3,124 customers. RMP's current report shows that the Program's invoiced energy consumption exceeded the generation resource's output by 116 percent. This is an increase from last year's 107 percent. The output was fully subscribed at the end of 2023 (47,224,325 kWh of the 40,758,963 kWh generated).³ RMP reports 236,122 blocks subscribed at the end of 2023. The blocks are composed of 83,283 residential and 152,839 commercial customers, which is a 3.8 percent decrease from last year's 245,082 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.⁴

The facility generated a total of 331,847,565 kWh of on-peak and off-peak energy over the period January 2017 through December 2023. The generation sold through this program over the same period is 330,881,515 kWh or 99.7 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 2023, the Program subscription

² Docket No. 15-035-61, Commission Order Approving Amended Settlement Agreement, October 21, 2015, Exhibit A, page 5, ¶ 14, <https://pscdocs.utah.gov/electric/15docs/1503561/2700851503561oaasa.pdf>.

³ Rocky Mountain Power stated again this year in its summary notes that it was researching why the solar resource generated less energy compared to prior years. RMP did not offer any accounting for the EBA costs related to the Program's additional load requirement beyond that generated by the resource.

⁴ Docket No. 24-035-15, *RMP Exhibit A – Program Dashboard Report (Excel) 3-28-2024*, Summary and 2023 Dashboard Tabs.

Redacted

was 47,224,325 kWh compared to the 40,758,963 kWh of resource generation allocated to the Program. It is unclear to the Division how the 6,465,362 kWh energy deficit is accounted for as the energy provided for the Subscriber Solar Program is a contractual portion of a larger resource as mentioned above based on [REDACTED]. Since RMP purchases all the energy produced by the resource and books the difference that is not used by the Subscriber Solar Program to NPC through the EBA, \$341,371 that would have otherwise been booked to NPC does not occur. RMP reported a similar result in 2022 of \$157,149 from over subscription. These values illustrate that the facility and the program continue to trend towards being over utilized by Subscriber Solar customers or a possible issue with the resource. The Division has had conversations with RMP staff regarding this continuing issue and confirmed RMP staff has the same questions and are working to resolve them. There does not appear to be any significant cost shift or obligation paid by non-participating customers through the EBA.⁵

RMP's intent for the Program is that participating customers 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. For the calendar year 2023, the Subscriber Solar program has performed better than planned and appears to be oversubscribed. The Program's original design cost for the period of January 2017 through December 2023 was forecast at \$5,465,952. The actual net Program expense for the period was \$2,876,803, roughly 53 percent below the original forecast or a savings of \$3,639,499 including cancellation fees.⁶ The Division notes

⁵ *Id.*

⁶ Costs include Administration, Marketing, and Billing for years 2015 through 2023, (21,723, 1,290,260, 349,358, 237,008, 199,267, 372,650, 139,698, 107,403, and 159,436, respectively). There are \$503,410 in accumulated interest expenses, and \$50,350 in accumulated cancellation fees.

Redacted

that RMP's filed Exhibit A, 2023 Dashboard picks up a wrong value for the Total Expense Variation calculation in Cell N94. It should pick up Cell N92 as the last value versus Cell N2.

The 2023 Program is composed of the following expenses and revenues: generation PPA expense of \$2,151,692; program administration and marketing expense of \$81,840; interest expense of \$77,596, for a total 2023 program expense of \$2,311,128.⁷ These expenses are offset by revenues and cancellation fees of \$2,989,734 for a net surplus of \$678,606.⁸

The Division also monitors the liability account of the Program. As of January 1, 2023, the beginning balance of the liability account was \$1,866,628. The additions of \$81,840 in expenses and \$77,596 in interest, less amortization of \$181,841, results in a liability account ending balance, as of December 31, 2023, of \$1,844,224.⁹

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.¹⁰ RMP reports that 903,899 kWh were donated to the Low Income Assistance Fund in 2023 consisting of: 813,768 kWh from Commercial customers; 1,371 kWh from Industrial customers; and 88,760 kWh from Residential customers.¹¹ 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. 37,¹² Avoided Cost Purchases from Qualifying Facilities, for 2023 Non-Levelized Tracking Solar Facility.¹³ Utilizing the June 1, 2023, authorized rates for Non-Levelized Tracking Solar, the

⁷ Docket No. 24-035-15, *Supra* note 4, (2022 Total Management/Administrative/Marketing + Total Interest + Generation Expense).

⁸ *Id.*, 2023 Summary Tab and 2023 Dashboard Tab.

⁹ Docket No. 24-035-15, *Supra* note 4, Summary Tab.

¹⁰ *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>.

¹¹ Docket No. 24-035-15, *Supra* note 4, Solar Credits Donated Tab.

¹² 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.

¹³ 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.

Redacted

reported total dollar amount of donated kWh is \$29,336. However, the Division's analysis discovered that the current Schedule No. 37 with an effective date of June 1, 2023 was used for the January 2023 through May 2023 winter on/off peak calculation. The Division believes the winter on/off peak for Schedule No. 37, effective June 1, 2022, should have been used in the calculation. The correction results in a total donated amount of \$26,297. The Division does not consider the \$3,039 difference to be significant.

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.¹⁴ Salt Lake City supported 4,748,935 kWh through its Subscriber Solar account and therefore requested RMP to deposit 4,749 RECs to its WREGIS account, which were retired.

The Division noted in a prior report 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.¹⁵ 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

¹⁴ 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.

¹⁵ *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>.

Redacted

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.

Table 1 illustrates how the resource performance is trending year-over-year:



Conclusion

The Division has reviewed RMP's Subscriber Solar Report for the 2023 annual reporting period. The Program continues to be 100 percent subscribed at the end of 2023. The Program is running better than expected with a liability account balance of \$1,844,224 at the end of 2023 compared to a \$1,866,628 beginning balance, a decrease of \$22,404.

The Division recommends the Commission acknowledge RMP's 2023 Subscriber Solar Status Report.

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