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ENERGY AMENDMENTS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Mark B. Madsen

House Sponsor: _____

LONG TITLE

Committee Note:

The Public Utilities and Technology Interim Committee recommended this bill.

General Description:

This bill enacts provisions within the Energy Resource Procurement Act.

Highlighted Provisions:

This bill:

- ▶ enacts provisions relating to renewable energy facilities;
- ▶ authorizes an electric corporation to enter into a contract to supply electric service from a renewable energy facility, under certain circumstances; and
- ▶ requires Public Service Commission approval of contracts for electric service from renewable energy facilities.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

- 54-17-801**, Utah Code Annotated 1953
- 54-17-802**, Utah Code Annotated 1953
- 54-17-803**, Utah Code Annotated 1953



28 **54-17-804**, Utah Code Annotated 1953

29 **54-17-805**, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **54-17-801** is enacted to read:

33 **Part 8. Renewable Energy Contracts**

34 **54-17-801. Definitions.**

35 As used in this part:

36 (1) "Contract customer" means a person who executes or will execute a renewable
37 energy contract with a qualified utility.

38 (2) "Qualified utility" means an electric corporation that serves more than 200,000
39 retail customers in the state.

40 (3) "Renewable energy contract" means a contract under this section for the delivery of
41 electricity from a renewable energy facility to a contract customer's single metered location
42 requiring the use of a qualified utility's transmission or distribution system to deliver the
43 electricity from the renewable energy facility to the contract customer.

44 (4) "Renewable energy facility":

45 (a) except as provided in Subsection (4)(b), has the same meaning as renewable energy
46 source defined in Section 54-17-601; and

47 (b) does not include an electric generating facility whose costs have been included in a
48 qualified utility's rates as a facility providing electric service to the qualified utility's system.

49 Section 2. Section **54-17-802** is enacted to read:

50 **54-17-802. Contracts for the purchase of electricity from a renewable energy**
51 **facility.**

52 (1) Within a reasonable time after receiving a request from one or more contract
53 customers and subject to reasonable credit requirements, a qualified utility shall enter into a
54 renewable energy contract with the requesting contract customer or customers to supply some
55 or all of the electric service of the contract customer or customers from a renewable energy
56 facility selected by the contract customer or customers.

57 (2) A renewable energy contract may not provide for electricity to be delivered to more
58 than a single metered delivery location of a contract customer.

- 59 (3) Subject to Subsection (2):
60 (a) a single contract customer may receive electricity at multiple metered delivery
61 locations from the same renewable energy facility; and
62 (b) multiple contract customers may receive electricity from the same renewable
63 energy facility.
64 (4) The amount of electricity provided to any contract customer under all renewable
65 energy contracts with that contract customer may not be less than 2.5 megawatts.
66 (5) The amount of electricity provided to any metered delivery location of a contract
67 customer may not exceed the contract customer's metered kilowatt-hour load in any hour at that
68 location.
69 (6) A renewable energy contract that meets the requirements of Subsection (4) may
70 provide for one or more increases in the amount of electricity to be provided under the contract
71 even though the amount of electricity to be provided by the increase is less than the minimum
72 amount required under Subsection (4).
73 (7) The total amount of electricity to be provided by a qualified utility at any one time
74 under all renewable energy contracts may not exceed 300 megawatts, unless the commission
75 approves in advance a higher amount.
76 (8) Electricity generated by a renewable energy facility and delivered to a contract
77 customer under a renewable energy contract may not be included in a net metering program
78 under Chapter 15, Net Metering of Electricity.
79 Section 3. Section **54-17-803** is enacted to read:
80 **54-17-803. Ownership of a renewable energy facility -- Joint ownership --**
81 **Ownership of environmental attributes.**
82 (1) A renewable energy facility may be owned:
83 (a) by a person who will be a contract customer receiving electricity from the
84 renewable energy facility;
85 (b) by a qualified utility;
86 (c) by a person other than a contract customer or qualified utility; or
87 (d) jointly by any combination of Subsections (1)(a), (b), and (c), whether in equal
88 shares or otherwise.
89 (2) A qualified utility may be a joint owner of a renewable energy facility only if:

90 (a) the qualified utility consents to being a joint owner; and
91 (b) the joint ownership arrangement ensures that the qualified utility will recover all of
92 its costs associated with its ownership of the renewable energy facility.

93 (3) To the extent that any electricity from a renewable energy facility to be delivered to
94 a contract customer is owned by a person other than the contract customer:

95 (a) the qualified utility shall, by contract with the owner of the renewable energy
96 facility, purchase all of that electricity;

97 (b) the qualified utility shall sell all of that electricity to the contract customer or
98 customers under renewable energy contracts with the same duration and pricing as the contract
99 between the qualified utility and the owner of the renewable energy facility; and

100 (c) the qualified utility's contract with the owner of the renewable energy facility shall
101 provide that the qualified utility's obligation to purchase electricity under that contract ceases if
102 the contract customer defaults in its obligation to purchase and pay for the electricity under the
103 contract with the qualified utility.

104 (4) The right to any environmental attribute associated with a renewable energy facility
105 shall remain the property of the renewable energy facility's owner, except to the extent that a
106 contract to which the owner is a party provides otherwise.

107 Section 4. Section **54-17-804** is enacted to read:

108 **54-17-804. Exemption from certificate of convenience and necessity requirements.**

109 (1) A qualified utility is not required to comply with Section 54-4-25 with respect to a
110 renewable energy facility that is the subject of a renewable energy contract if:

111 (a) each contract necessary for the commission to determine compliance with this part
112 is filed with the commission; and

113 (b) the commission determines that each contract relating to the renewable energy
114 facility complies with this part.

115 (2) In making its determination under Subsection (1)(b), the commission may process
116 and consider together multiple renewable energy contracts between the same contract customer
117 and the qualified utility providing for the delivery of electricity from a renewable energy
118 facility to the contract customer's multiple metered delivery locations.

119 Section 5. Section **54-17-805** is enacted to read:

120 **54-17-805. Costs associated with delivering electricity from a renewable energy**

121 **facility to a contract customer.**

122 (1) To the extent that a renewable energy contract provides for the delivery of
123 electricity from a renewable energy facility owned by the contract customer, the renewable
124 energy contract shall require the contract customer to pay for the use of the qualified utility's
125 transmission or distribution facilities at the qualified utility's applicable rates, which may
126 include transmission costs at the qualified utility's applicable rate approved by the Federal
127 Energy Regulatory Commission.

128 (2) To the extent that a renewable energy contract provides for the delivery of
129 electricity from a renewable energy facility owned by a person other than the qualified utility or
130 the contract customer, the renewable energy contract shall require the contract customer to bear
131 all reasonably identifiable costs that the qualified utility incurs in delivering the electricity from
132 the renewable energy facility to the contract customer, including all costs to procure and deliver
133 electricity and for billing, administrative, and related activities, as determined by the
134 commission.

135 (3) A qualified utility that enters a renewable energy contract shall charge a contract
136 customer for all metered electric service delivered to the contract customer, including
137 generation, transmission, and distribution service, at the qualified utility's applicable tariff
138 rates, excluding:

139 (a) any kilowatt hours of electricity delivered from the renewable energy facility, based
140 on the time of delivery, adjusted for transmission losses;

141 (b) any kilowatt hours of electricity delivered from the renewable energy facility that
142 coincide with the contract customer's monthly metered kilowatt demand measurement, adjusted
143 for transmission losses;

144 (c) any transmission and distribution service that the contract customer pays for under
145 Subsection (1) or (2); and

146 (d) any transmission service that the contract customer provides under Subsection (2)
147 to deliver generation from the renewable energy facility.

Legislative Review Note
as of 11-17-11 9:08 AM

Office of Legislative Research and General Counsel