

UTILITY TARIFF REVISIONS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael E. Noel

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to an electric utility.

Highlighted Provisions:

This bill:

- ▶ prohibits a purchasing utility from charging a qualifying power producer to pay for transmission or distribution system upgrades under certain circumstances;
- ▶ allows certain cost impacts on purchasing utilities to be included in the purchasing utility's avoided costs;
- ▶ prohibits a qualified utility from charging a customer for transmission or distribution of renewable energy under certain circumstances; and
- ▶ allows a qualified utility to assess a nondiscriminatory charge under certain circumstances.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

54-12-2, as last amended by Laws of Utah 2008, Chapter 374

54-17-806, as enacted by Laws of Utah 2016, Chapter 393



28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58

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

Section 1. Section **54-12-2** is amended to read:

54-12-2. Purchase of power from a qualifying power producer.

(1) A purchasing [utilities] utility shall offer to purchase power from a qualifying power [producers] producer.

(2) (a) The commission shall establish reasonable rates, terms, and conditions for the purchase or sale of electricity or electrical generating capacity[~~, or both,~~] between a purchasing utility and a qualifying power producer.

(b) In establishing [these] the rates, terms, and conditions described in Subsection (2)(a), the commission shall [either]:

(i) establish a procedure under which qualifying power producers offer competitive bids for the sale of power to a purchasing [utilities] utility; or

(ii) [~~devise an alternative method which~~] establish an alternative procedure that considers the purchasing utility's avoided costs.

(c) The capacity component of a purchasing utility's avoided costs shall reflect the purchasing utility's long-term deferral or cancellation of generating units [which] that may result from the purchase of power from a qualifying power [producers] producer.

(3) [~~Purchasing utilities~~] A purchasing utility and a qualifying power [producers] producer may agree to rates, terms, or conditions for the sale of electricity or electrical capacity [which differ from] other than the rates, terms, and conditions adopted by the commission under Subsection (2).

(4) A purchasing utility shall use or dispose of electricity provided by a qualifying power producer to the greatest extent possible using the purchasing utility's existing transmission and distribution capacity.

(5) A purchasing utility may not require a qualifying power producer to cover the cost of an upgrade to the purchasing utility's transmission or distribution system as a condition of purchasing electricity or electrical generating capacity from the qualifying power producer under Subsection (2).

(6) The commission may consider, in calculating a purchasing utility's avoided costs under Subsection (2), the cost to the purchasing utility to upgrade the purchasing utility's

59 transmission or distribution capacity in order to use or dispose of electricity provided by a
60 qualifying power producer.

61 (7) A purchasing utility may, with commission approval, impose a nondiscriminatory
62 charge on a qualifying power producer to interconnect the qualifying power producer with the
63 purchasing utility's transmission or distribution facilities.

64 ~~[(4)]~~ (8) The commission may adopt further rules which encourage the development of
65 small power production and cogeneration facilities.

66 Section 2. Section **54-17-806** is amended to read:

67 **54-17-806. Qualified utility renewable energy tariff.**

68 (1) The commission may authorize a qualified utility to implement a renewable energy
69 tariff in accordance with this section if the commission determines the tariff that the qualified
70 utility proposes is reasonable and in the public interest.

71 (2) If a tariff is authorized under Subsection (1), a qualified utility customer with an
72 aggregated electrical load of at least five megawatts and who agrees to service that is subject to
73 the renewable energy tariff shall pay:

74 (a) the customer's normal tariff rate;

75 (b) an incremental charge in an amount equal to the difference between the cost to the
76 qualified utility to supply renewable generation to the renewable energy tariff customer and the
77 qualified utility's avoided costs as defined in Subsection 54-2-1(1), or a different methodology
78 recommended by the qualified utility; and

79 (c) an administrative fee in an amount approved by the commission.

80 (3) A qualified utility shall use or dispose of electricity purchased on behalf of a
81 qualified utility customer under this section to the greatest extent possible using the qualified
82 utility's existing transmission and distribution capacity.

83 (4) If a qualified utility has not utilized the qualified utility's existing transmission and
84 distribution capacity as provided in Subsection (3), the qualified utility may not require a
85 qualified utility customer to cover the cost of an upgrade to the qualified utility's transmission
86 or distribution system as a condition of purchasing electricity on behalf of the qualified utility
87 customer.

88 (5) A qualified utility may, with commission approval, impose a nondiscriminatory
89 charge on a qualified utility customer to interconnect a renewable energy facility with the

90 qualified utility's transmission or distribution facilities.

91 ~~(3)~~ (6) The commission shall allow a qualified utility to recover the qualified utility's
92 prudently incurred cost of renewable generation procured pursuant to the tariff established in
93 this section that is not otherwise recovered from the proceeds of the tariff paid by customers
94 agreeing to service that is subject to the renewable energy tariff.

Legislative Review Note
Office of Legislative Research and General Counsel