

**54-17-605 Recovery of costs for renewable energy activities.**

- (1) In accordance with other law, the commission shall include in the retail electric rates of an electrical corporation whose rates the commission regulates the state's share of any of the costs listed in Subsection (2) that are relevant to the proceeding in which the commission is considering the electrical corporation's rates:
  - (a) if the costs are prudently incurred by the electrical corporation in connection with:
    - (i) the acquisition of a renewable energy certificate;
    - (ii) the acquisition of qualifying electricity for which a renewable energy certificate will be issued after the acquisition; and
    - (iii) the acquisition, construction, and use of a renewable energy source; and
  - (b) to the extent any qualifying electricity or renewable energy source under Subsection (1)(a) satisfies the cost-effectiveness criteria of Subsection 54-17-201(2)(c)(ii).
- (2) The following are costs that may be recoverable under Subsection (1):
  - (a) a cost of siting, acquisition of property rights, equipment, design, licensing, permitting, construction, owning, operating, or otherwise acquiring a renewable energy source and any associated asset, including transmission;
  - (b) a cost to acquire qualifying electricity through trade, power purchase, or other transfer;
  - (c) a cost to acquire a bundled or unbundled renewable energy certificate, if any net revenue from the sale of a renewable energy certificate allocable to this state is also included in rates;
  - (d) a cost to interconnect a renewable energy source to the electrical corporation's transmission and distribution system;
  - (e) a cost associated with using a physical or financial asset to integrate, firm, or shape a renewable energy source on a firm annual basis to meet a retail electricity need; and
  - (f) any cost associated with transmission and delivery of qualifying electricity to a retail electricity consumer.
- (3)
  - (a) The commission may allow an electrical corporation to use an adjustment mechanism or reasonable method other than a rate case under Sections 54-4-4 and 54-7-12 to allow recovery of costs identified in Subsection (2).
  - (b) If the commission allows the use of an adjustment mechanism, both the costs and any associated benefit shall be reflected in the mechanism, to the extent practicable.
  - (c) This Subsection (3) creates no presumption for or against the use of an adjustment mechanism.
- (4)
  - (a) The commission may permit an electrical corporation to include in its retail electric rates the state's share of costs prudently incurred by the electrical corporation in connection with a renewable energy source, whether or not the renewable energy source ultimately becomes operational, including costs of:
    - (i) siting;
    - (ii) property acquisition;
    - (iii) equipment;
    - (iv) design;
    - (v) licensing;
    - (vi) permitting; and
    - (vii) other reasonable items related to the renewable energy source.
  - (b) Subsection (4)(a) creates no presumption concerning the prudence or recoverability of the costs identified.

- (c) To the extent deferral is consistent with other applicable law, the commission may allow an electrical corporation to defer costs recoverable under Subsection (4)(a) until the recovery of the deferred costs can be considered in a rate proceeding or an adjustment mechanism created under Subsection (3).
- (d) An application to defer costs shall be filed within 60 days after the day on which the electrical corporation determines that the renewable energy source project is impaired under generally accepted accounting principles and will not become operational.
- (e) Notwithstanding the opportunity to defer costs under Subsection (4)(c), a cost incurred by an electrical corporation for siting, property acquisition, equipment, design, licensing, and permitting of a renewable energy source that the electrical corporation proposes to construct shall be included in the electrical corporation's project costs for the purpose of evaluating the project's cost-effectiveness.
- (f) A deferred cost under Subsection (4)(a) may not be added to, or otherwise considered in the evaluation of, the cost of a project proposed by any person other than the electrical corporation for the purpose of evaluating that person's proposal.

Enacted by Chapter 374, 2008 General Session