

CLEAN AND RENEWABLE ENERGY REQUIREMENT

AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Raymond P. Ward

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions relating to clean energy requirements for certain electrical corporations.

Highlighted Provisions:

This bill:

▸ requires that, on or after a certain date, a certain percentage of a large-scale electric utility's annual retail sales come from qualifying clean electricity if compliance is cost effective;

▸ amends provisions relating to the issuance, expiration, and use of renewable energy certificates;

▸ amends and requires plans and reports concerning a large-scale electric utility's progress in acquiring qualifying electricity and qualifying clean electricity; and

▸ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



- 28 **54-17-601**, as last amended by Laws of Utah 2010, Chapters 119, 125, and 268
- 29 **54-17-602**, as enacted by Laws of Utah 2008, Chapter 374
- 30 **54-17-603**, as last amended by Laws of Utah 2009, Chapter 140
- 31 **54-17-604**, as enacted by Laws of Utah 2008, Chapter 374
- 32 **54-17-605**, as enacted by Laws of Utah 2008, Chapter 374

33 ENACTS:

34 **54-17-604.5**, Utah Code Annotated 1953

35

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

37 Section 1. Section **54-17-601** is amended to read:

38 **54-17-601. Definitions.**

39 As used in this part:

40 (1) "Adjusted retail electric sales" means the total kilowatt-hours of retail electric sales
41 of an electrical corporation to customers in this state in a calendar year, reduced by:

42 (a) the amount of those kilowatt-hours attributable to electricity generated or purchased
43 in that calendar year from qualifying zero carbon emissions generation and qualifying carbon
44 sequestration generation;

45 (b) the amount of those kilowatt-hours attributable to electricity generated or purchased
46 in that calendar year from generation located within the geographic boundary of the Western
47 Electricity Coordinating Council that derives its energy from one or more of the following but
48 that does not satisfy the definition of a renewable energy source or that otherwise has not been
49 used to satisfy Subsection **54-17-602**(1):

50 (i) wind energy;

51 (ii) solar photovoltaic and solar thermal energy;

52 (iii) wave, tidal, and ocean thermal energy;

53 (iv) except for combustion of wood that has been treated with chemical preservatives
54 such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass
55 byproducts, including:

56 (A) organic waste;

57 (B) forest or rangeland woody debris from harvesting or thinning conducted to improve
58 forest or rangeland ecological health and to reduce wildfire risk;

59 (C) agricultural residues;
60 (D) dedicated energy crops; and
61 (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic
62 digesters, or municipal solid waste;
63 (v) geothermal energy;
64 (vi) hydroelectric energy; or
65 (vii) waste gas and waste heat capture or recovery; and
66 (c) the number of kilowatt-hours attributable to reductions in retail sales in that
67 calendar year from demand side management as defined in Section 54-7-12.8, with the
68 kilowatt-hours for an electrical corporation whose rates are regulated by the commission and
69 adjusted by the commission to exclude kilowatt-hours for which a renewable energy certificate
70 is issued under Subsection 54-17-603(4)(b).

71 (2) "Amount of kilowatt-hours attributable to electricity generated or purchased in that
72 calendar year from qualifying carbon sequestration generation," for qualifying carbon
73 sequestration generation, means the kilowatt-hours supplied by a facility during the calendar
74 year multiplied by the ratio of the amount of carbon dioxide captured from the facility and
75 sequestered to the sum of the amount of carbon dioxide captured from the facility and
76 sequestered plus the amount of carbon dioxide emitted from the facility during the same
77 calendar year.

78 (3) "Banked renewable energy certificate" means a bundled or unbundled renewable
79 energy certificate that is:

80 (a) not used in a calendar year to comply with this part or with a renewable energy
81 program in another state; and

82 (b) carried forward into a subsequent year.

83 (4) "Bundled renewable energy certificate" means a renewable energy certificate for
84 qualifying electricity that is acquired:

85 (a) by an electrical corporation by a trade, purchase, or other transfer of electricity that
86 includes the renewable energy attributes of, or certificate that is issued for, the electricity; or

87 (b) by an electrical corporation by generating the electricity for which the renewable
88 energy certificate is issued.

89 (5) "Clean energy source" means:

90 (a) an electric generation facility or generation capability or upgrade that derives its
91 energy from one or more of the following:

92 (i) wind energy;

93 (ii) solar photovoltaic and solar thermal energy;

94 (iii) wave, tidal, and ocean thermal energy;

95 (iv) geothermal energy;

96 (v) hydroelectric energy;

97 (vi) nuclear energy;

98 (vii) landfill gas or biogas produced from organic matter, wastewater, anaerobic
99 digesters, or municipal solid waste;

100 (viii) waste gas and waste heat capture or recovery, whether or not it is renewable,
101 including methane gas from:

102 (A) an abandoned coal mine; or

103 (B) a coal degassing operation associated with a state-approved mine permit; or

104 (ix) municipal solid waste;

105 (b) hydrogen gas derived from any source of energy described in Subsection (5)(a);

106 (c) if an electric generation facility employs multiple energy sources, that portion of the
107 electricity generated that is attributable to energy sources described in Subsections (5)(a) and
108 (b); and

109 (d) electricity generated or purchased from qualifying carbon sequestration generation.

110 [~~5~~] (6) "Electrical corporation":

111 (a) [~~is as~~] means the same as that term is defined in Section 54-2-1; and

112 (b) does not include a person generating electricity that is not for sale to the public.

113 [~~6~~] (7) "Qualifying carbon sequestration generation" means a fossil-fueled generating
114 facility located within the geographic boundary of the Western Electricity Coordinating
115 Council that:

116 (a) becomes operational or is retrofitted on or after January 1, 2008; and

117 (b) reduces carbon dioxide emissions into the atmosphere through permanent
118 geological sequestration or through another verifiably permanent reduction in carbon dioxide
119 emissions through the use of technology.

120 (8) "Qualifying clean electricity" means electricity generated from a clean energy

121 source if:

122 (a) (i) the clean energy source is located within the geographic boundary of the

123 Western Electricity Coordinating Council; or

124 (ii) the electricity is delivered to:

125 (A) the transmission system of an electrical corporation; or

126 (B) a delivery point designated by the electrical corporation for the purpose of

127 subsequent delivery to the electrical corporation; and

128 (b) the clean energy attributes of the electricity are not traded, sold, transferred, or

129 otherwise used to satisfy another state's renewable, zero carbon energy, or clean energy

130 program.

131 ~~[(7)]~~ (9) "Qualifying electricity" means electricity generated on or after January 1, 1995

132 from a renewable energy source if:

133 (a) (i) the renewable energy source is located within the geographic boundary of the

134 Western Electricity Coordinating Council; or

135 (ii) the qualifying electricity is delivered to the transmission system of an electrical

136 corporation or a delivery point designated by the electrical corporation for the purpose of

137 subsequent delivery to the electrical corporation; and

138 (b) the renewable energy attributes of the electricity are not traded, sold, transferred, or

139 otherwise used to satisfy another state's renewable energy program.

140 ~~[(8)]~~ (10) "Qualifying zero carbon emissions generation":

141 (a) means a generation facility located within the geographic boundary of the Western

142 Electricity Coordinating Council that:

143 (i) becomes operational on or after January 1, 2008; and

144 (ii) does not produce carbon as a byproduct of the generation process;

145 (b) includes generation powered by nuclear fuel; and

146 (c) does not include renewable energy sources used to satisfy the requirement

147 established under Subsection [54-17-602\(1\)](#).

148 ~~[(9)]~~ (11) "Renewable energy certificate" means a certificate issued under Section

149 [54-17-603](#).

150 ~~[(10)]~~ (12) "Renewable energy source" means:

151 (a) an electric generation facility or generation capability or upgrade that becomes

152 operational on or after January 1, 1995 that derives its energy from one or more of the
153 following:

- 154 (i) wind energy;
- 155 (ii) solar photovoltaic and solar thermal energy;
- 156 (iii) wave, tidal, and ocean thermal energy;
- 157 (iv) except for combustion of wood that has been treated with chemical preservatives
158 such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass
159 byproducts, including:
 - 160 (A) organic waste;
 - 161 (B) forest or rangeland woody debris from harvesting or thinning conducted to improve
162 forest or rangeland ecological health and to reduce wildfire risk;
 - 163 (C) agricultural residues;
 - 164 (D) dedicated energy crops; and
 - 165 (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic
166 digesters, or municipal solid waste;
 - 167 (v) geothermal energy located outside the state;
 - 168 (vi) waste gas and waste heat capture or recovery whether or not it is renewable,
169 including methane gas from:
 - 170 (A) an abandoned coal mine; or
 - 171 (B) a coal degassing operation associated with a state-approved mine permit;
 - 172 (vii) efficiency upgrades to a hydroelectric facility, without regard to the date upon
173 which the facility became operational, if the upgrades become operational on or after January
174 1, 1995;
 - 175 (viii) compressed air, if:
 - 176 (A) the compressed air is taken from compressed air energy storage; and
 - 177 (B) the energy used to compress the air is a renewable energy source; or
 - 178 (ix) municipal solid waste;
 - 179 (b) any of the following:
 - 180 (i) up to 50 average megawatts of electricity per year per electrical corporation from a
181 certified low-impact hydroelectric facility, without regard to the date upon which the facility
182 becomes operational, if the facility is certified as a low-impact hydroelectric facility on or after

- 183 January 1, 1995, by a national certification organization;
- 184 (ii) geothermal energy if located within the state, without regard to the date upon which
185 the facility becomes operational; or
- 186 (iii) hydroelectric energy if located within the state, without regard to the date upon
187 which the facility becomes operational;
- 188 (c) hydrogen gas derived from any source of energy described in Subsection [~~(10)~~]
189 (12)(a) or (b);
- 190 (d) if an electric generation facility employs multiple energy sources, that portion of the
191 electricity generated that is attributable to energy sources described in Subsections [~~(10)~~]
192 (12)(a) through (c); and
- 193 (e) any of the following located in the state and owned by a user of energy:
- 194 (i) a demand side management measure, as defined by Subsection 54-7-12.8(1), with
195 the quantity of renewable energy certificates to which the user is entitled determined by the
196 equivalent energy saved by the measure;
- 197 (ii) a solar thermal system that reduces the consumption of fossil fuels, with the
198 quantity of renewable energy certificates to which the user is entitled determined by the
199 equivalent kilowatt-hours saved, except to the extent the commission determines otherwise
200 with respect to net-metered energy;
- 201 (iii) a solar photovoltaic system that reduces the consumption of fossil fuels with the
202 quantity of renewable energy certificates to which the user is entitled determined by the total
203 production of the system, except to the extent the commission determines otherwise with
204 respect to net-metered energy;
- 205 (iv) a hydroelectric or geothermal facility with the quantity of renewable energy
206 certificates to which the user is entitled determined by the total production of the facility,
207 except to the extent the commission determines otherwise with respect to net-metered energy;
- 208 (v) a waste gas or waste heat capture or recovery system, other than from a combined
209 cycle combustion turbine that does not use waste gas or waste heat, with the quantity of
210 renewable energy certificates to which the user is entitled determined by the total production of
211 the system, except to the extent the commission determines otherwise with respect to
212 net-metered energy; and
- 213 (vi) the station use of solar thermal energy, solar photovoltaic energy, hydroelectric

214 energy, geothermal energy, waste gas, or waste heat capture and recovery.

215 ~~[(11)]~~ (13) "Unbundled renewable energy certificate" means a renewable energy
216 certificate associated with:

217 (a) qualifying electricity that is acquired by an electrical corporation or other person by
218 trade, purchase, or other transfer without acquiring the electricity for which the certificate was
219 issued; or

220 (b) activities listed in Subsection ~~[(10)]~~ (12)(e).

221 Section 2. Section **54-17-602** is amended to read:

222 **54-17-602. Target amount of qualifying electricity -- Renewable energy certificate**
223 **-- Cost-effectiveness -- Cooperatives.**

224 (1) (a) To the extent that it is cost effective to do so and unless Subsection (3) applies,
225 beginning in 2025 the annual retail electric sales in this state of each electrical corporation shall
226 consist of qualifying electricity or renewable energy certificates in an amount equal to at least
227 20% of adjusted retail electric sales.

228 (b) The amount under Subsection (1)(a) is computed based upon adjusted retail electric
229 sales for the calendar year commencing 36 months before the first day of the year for which the
230 target calculated under Subsection (1)(a) applies.

231 (c) Notwithstanding Subsections (1)(a) and (b), an increase in the annual target from
232 one year to the next may not exceed the greater of:

233 (i) 17,500 megawatt-hours; or

234 (ii) 20% of the prior year's amount under Subsections (1)(a) and (b).

235 (2) (a) Cost-effectiveness under Subsection (1) for other than a cooperative association
236 is determined in comparison to other viable resource options using the criteria provided by
237 Subsection ~~54-17-201~~(2)(c)(ii).

238 (b) For an electrical corporation that is a cooperative association, cost-effectiveness is
239 determined using criteria applicable to the cooperative association's acquisition of a significant
240 energy resource established by the cooperative association's board of directors.

241 (3) (a) Beginning July 1, 2030, at least 50% of the total kilowatt-hours of a large-scale
242 electric utility's annual retail electric sales to customers in the state in a calendar year shall
243 consist of qualifying clean electricity or renewable energy certificates to the extent that it is
244 cost effective to do so.

245 (b) A large-scale electric utility's annual retail electric sales to customers computed
246 under Subsection (3)(a) is based upon annual retail electric sales for the calendar year
247 commencing 36 months before the first day of the year for which the target calculated under
248 Subsection (3)(a) applies.

249 (c) Cost-effectiveness under Subsection (3)(a) of acquiring qualifying clean electricity
250 means that, on a life-cycle basis and taking into account the long-term risks, the present value
251 of the long-term costs of acquiring qualifying clean electricity is less than or equal to the
252 present value of the long-term costs of other electricity resource options.

253 ~~[(3)]~~ (4) This section does not require an electrical corporation to:

254 (a) substitute qualifying electricity for electricity or qualifying clean electricity from a
255 generation source owned or contractually committed, or from a contractual commitment for a
256 power purchase;

257 (b) enter into any additional electric sales commitment or any other arrangement for the
258 sale or other disposition of electricity that is not already, or would not be, entered into by the
259 electrical corporation; or

260 (c) acquire qualifying electricity in excess of its adjusted retail electric sales.

261 ~~[(4)]~~ (5) (a) For the purpose of Subsection (1), an electrical corporation may combine
262 the following:

263 ~~[(a)]~~ (i) qualifying electricity from a renewable energy source owned by the electrical
264 corporation;

265 ~~[(b)]~~ (ii) qualifying electricity acquired by the electrical corporation through trade,
266 power purchase, or other transfer; and

267 ~~[(c)]~~ (iii) a bundled or unbundled renewable energy certificate, including a banked
268 renewable energy certificate.

269 (b) For the purpose of Subsection (3), a large-scale electric utility may combine the
270 following:

271 (i) qualifying clean electricity from a clean energy source owned by the large-scale
272 electric utility;

273 (ii) qualifying clean electricity acquired by the large-scale electric utility through trade,
274 power purchase, or other transfer; and

275 (iii) a bundled or unbundled renewable energy certificate, including a banked

276 renewable energy certificate.

277 [~~(5)~~] (6) For an electrical corporation whose rates the commission regulates, the
278 following rules concerning renewable energy certificates apply:

279 (a) a banked renewable energy certificate with an older issuance date shall be used
280 before any other banked renewable energy certificate issued at a later date is used; and

281 (b) the total of all unbundled renewable energy certificates, including unbundled
282 banked renewable energy certificates, may not [~~exceed~~] be used to satisfy more than 20% of the
283 amount of the annual target provided for in Subsection (1) or (3).

284 [~~(6)~~] (7) An electrical corporation that is a cooperative association may count towards
285 Subsection (1) any of the following:

286 (a) electric production allocated to this state from hydroelectric facilities becoming
287 operational after December 31, 2007 if the facilities are located in any state in which the
288 cooperative association, or a generation and transmission cooperative with which the
289 cooperative association has a contract, provides electric service;

290 (b) qualifying electricity generated or acquired or renewable energy certificates
291 acquired for a program that permits a retail customer to voluntarily contribute to a renewable
292 energy source; and

293 (c) notwithstanding Subsection 54-17-601(7), an unbundled renewable energy
294 certificate purchased from a renewable energy source located outside the geographic boundary
295 of the Western Electricity Coordinating Council if the electricity on which the unbundled
296 renewable energy certificate is based would be considered qualifying electricity if the
297 renewable energy source was located within the geographic boundary of the Western
298 Electricity Coordinating Council.

299 [~~(7)~~] (8) (a) The use of the renewable attributes associated with qualifying electricity to
300 satisfy any federal renewable energy requirement does not preclude the electricity from being
301 qualifying electricity for the purpose of this chapter.

302 (b) The use of the clean energy attributes associated with qualifying clean electricity to
303 satisfy any federal renewable requirement does not preclude the electricity from being
304 qualifying clean electricity for the purpose of this chapter.

305 Section 3. Section 54-17-603 is amended to read:

306 **54-17-603. Renewable energy certificate -- Issuance -- Use to satisfy other**

307 **requirements.**

308 (1) The commission shall establish a process for issuance or recognition of a renewable
309 energy certificate.

310 (2) The commission process under Subsection (1) shall provide for the issuance,
311 monitoring, accounting, transfer, and use of a renewable energy certificate, including in
312 electronic form.

313 (3) The commission may:

314 (a) consult with another state or a federal agency and any regional system or trading
315 program to fulfill Subsection (1); and

316 (b) allow use of a renewable energy certificate that is issued, monitored, accounted for,
317 or transferred by or through a regional system or trading program, including the Western
318 Renewable Energy Generation Information System, to fulfill this part's provisions.

319 (4) A renewable energy certificate shall be issued for:

320 (a) qualifying electricity generated on and after January 1, 1995; and

321 (b) the activities of an energy user described in Subsections [10-19-102\(11\)\(e\)](#) and
322 [54-17-601\(10\)\(e\)](#) on and after January 1, 1995.

323 (5) The person requesting a renewable energy certificate shall affirm that the renewable
324 energy attributes of the electricity have not been traded, sold, transferred, or otherwise used to
325 satisfy another state's renewable energy requirements.

326 (6) (a) For the purpose of satisfying Subsection [54-17-602\(1\)](#) and the issuance of a
327 renewable energy certificate under this section, a renewable energy source located in this state
328 that derives its energy from solar photovoltaic or solar thermal energy shall be credited for 2.4
329 kilowatt-hours of qualifying electricity for each 1.0 kilowatt-hour generated.

330 (b) Notwithstanding Subsection (6)(a), the acquisition or construction by an electrical
331 corporation of a renewable energy source that derives its energy from solar photovoltaic or
332 solar thermal energy shall comply with the cost-effectiveness criteria of Subsection
333 [54-17-201\(2\)\(c\)\(ii\)](#).

334 (7) A renewable energy certificate issued under this section:

335 [~~(a) does not expire; and~~]

336 (a) expires three years after the date that it was issued; and

337 (b) may be banked.

338 (8) The commission may recognize a renewable energy certificate that is issued,
339 monitored, accounted for, or transferred by or through another state or a regional system or
340 trading program, including the Western Renewable Energy Generation Information System, if
341 the renewable energy certificate is for qualifying electricity.

342 (9) A renewable energy certificate:

343 (a) may be used only once to satisfy Subsection 54-17-602(1) or (3);

344 (b) may be used for the purpose of Subsection 54-17-602(1) or (3) and the qualifying
345 electricity on which the renewable energy certificate is based may be used to satisfy any federal
346 renewable energy requirement; and

347 (c) may not be used if it has been used to satisfy:

348 (i) any other state's renewable energy or clean energy requirement[-]; or

349 (ii) a requirement of participating in a community renewable energy program under
350 Chapter 17, Part 9, Community Renewable Energy Act.

351 (10) The commission shall establish procedures and reasonable rates permitting an
352 electrical corporation that is a purchasing utility under Section 54-12-2 to acquire or retain a
353 renewable energy certificate associated with the purchase of power from an independent energy
354 producer.

355 Section 4. Section 54-17-604 is amended to read:

356 **54-17-604. Plans and reports.**

357 (1) An electrical corporation shall develop and maintain a plan for implementing
358 Subsection 54-17-602(1), consistent with the cost-effectiveness criteria of Subsection
359 54-17-201(2)(c)(ii).

360 (2) (a) A progress report concerning a plan under Subsection (1) for other than a
361 cooperative association shall be filed with the commission by January 1 of each of the years
362 2010, 2015, and 2020~~[-, and 2024]~~.

363 (b) For an electrical corporation that is a cooperative association, a progress report
364 shall be filed with the cooperative association's board of directors by January 1 of each of the
365 years 2010, 2015, 2020, and 2024.

366 (3) The progress report under Subsection (2) shall contain:

367 (a) the actual and projected amount of qualifying electricity through 2025;

368 (b) the source of qualifying electricity;

369 (c) (i) an analysis of the cost-effectiveness of renewable energy sources for other than a
370 cooperative association; or

371 (ii) an estimate of the cost of achieving the target for an electrical corporation that is a
372 cooperative association;

373 (d) a discussion of conditions impacting the renewable energy source and qualifying
374 electricity markets;

375 (e) any recommendation for a suggested legislative or program change; and

376 (f) for other than a cooperative association, any other information requested by the
377 commission or considered relevant by the electrical corporation.

378 (4) The plan and progress report required by Subsections (1) and (2) may include
379 procedures that will be used by the electrical corporation to identify and select any renewable
380 energy resource and qualifying electricity that satisfy the criteria of Subsection
381 54-17-201(2)(c)(ii).

382 [~~(5) By July 1, 2026, each electrical corporation shall file a final progress report~~
383 ~~demonstrating:~~]

384 [~~(a) how Subsection 54-17-602(1) is satisfied for the year 2025; or]~~

385 [~~(b) the reason why Subsection 54-17-602(1) is not satisfied for the year 2025, if it is~~
386 ~~not satisfied.~~]

387 [~~(6)~~] (5) By January 1 of each of the years 2011[;] and 2016, [2021, and 2025;] the
388 Division of Public Utilities shall submit to the Legislature a report containing a summary of
389 any progress report filed under Subsections (2) through [~~(5)~~] (4).

390 [~~(7)~~] (6) The summary required by Subsection [~~(6)~~] (5) shall include any
391 recommendation for legislative changes.

392 [~~(8) (a) By July 1, 2027, the commission shall submit to the Legislature a report~~
393 ~~summarizing the final progress reports and recommending any legislative changes.~~]

394 [~~(b) The 2027 summary may contain a recommendation to the Legislature concerning~~
395 ~~any action to be taken with respect to an electrical corporation that does not satisfy Subsection~~
396 ~~54-17-602(1) for 2025.~~]

397 [~~(c) The commission shall provide an opportunity for public comment and take~~
398 ~~evidence before recommending any action to be taken with respect to an electrical corporation~~
399 ~~that does not satisfy Subsection 54-17-602(1) for 2025.~~]

400 ~~[(9) If a recommendation containing a penalty for failure to satisfy Subsection~~
401 ~~54-17-602(1) is made under Subsection (8), the proposal shall require that any amount paid by~~
402 ~~an electrical corporation as a penalty be utilized to fund demand-side management for the retail~~
403 ~~customers of the electrical corporation paying the penalty.]~~

404 ~~[(10) A penalty may not be proposed under this section if an electrical corporation's~~
405 ~~failure to satisfy Subsection 54-17-602(1) is due to:]~~

406 ~~[(a) a lack of cost-effective means to satisfy the requirement; or]~~

407 ~~[(b) force majeure.]~~

408 ~~[(11)]~~ (7) By July 1, 2026, an electrical corporation that is a cooperative association
409 shall file a final progress report demonstrating:

410 (a) how Subsection 54-17-602(1) is satisfied for the year 2025; or

411 (b) the reason why Subsection 54-17-602(1) is not satisfied for the year 2025 if it is not
412 satisfied.

413 ~~[(12)]~~ (8) The plan and any progress report ~~[file]~~ filed under this section by an
414 electrical corporation that is a cooperative association shall be publicly available at the
415 cooperative association's office or posted on the cooperative association's website.

416 Section 5. Section ~~54-17-604.5~~ is enacted to read:

417 **54-17-604.5. Plans and reports.**

418 (1) A large-scale electric utility that is required to comply with the requirement in
419 Subsection 54-17-602(3) shall:

420 (a) develop and maintain a plan for implementing Subsection 54-17-602(3), consistent
421 with the cost-effectiveness standard described in Subsection 54-17-602(3)(c); and

422 (b) by May 1, 2026, file with the commission a progress report concerning a plan under
423 Subsection (1)(a).

424 (2) The progress report under Subsection (1)(b) shall contain:

425 (a) the actual and projected amount of qualifying clean electricity through 2030;

426 (b) the source of qualifying clean electricity;

427 (c) an analysis of the cost-effectiveness of clean energy sources;

428 (d) a discussion of conditions impacting the clean energy source and qualifying clean
429 electricity markets;

430 (e) any recommendation for a suggested legislative or program change;

431 (f) a final progress report demonstrating:
432 (i) how Subsection 54-17-602(1) is satisfied for the year 2025; or
433 (ii) the reason why Subsection 54-17-602(1) is not satisfied for the year 2025, if it is
434 not satisfied; and
435 (g) any other information requested by the commission or considered relevant by the
436 large-scale electric utility.

437 (3) By November 1, 2026, the commission shall, after taking public comment and
438 evidence, submit to the Legislature a report summarizing the progress reports and public
439 comments and recommending any legislative changes.

440 (4) By May 1, 2031, a large-scale electric utility that is required to comply with
441 Subsection 54-17-602(3) shall file a final progress report to the commission demonstrating:

442 (a) how Subsection 54-17-602(3) is satisfied for the year 2030; or
443 (b) the reason why Subsection 54-17-602(3) is not satisfied for the year 2030, if it is
444 not satisfied.

445 (5) (a) By November 1, 2031, the commission, after taking public comment and
446 evidence, shall submit to the Legislature a report summarizing the final progress reports, public
447 comment and evidence, and recommending any legislative changes.

448 (b) The report described in Subsection (5)(a) may contain a recommendation to the
449 Legislature concerning any action to be taken with respect to a large-scale electric utility that is
450 required to comply with Subsection 54-17-602(3) and does not satisfy Subsection 54-17-602(3)
451 for 2030.

452 (c) The commission shall provide an opportunity for public comment and take
453 evidence before recommending any action to be taken with respect to a large-scale electric
454 utility that is required to comply with Subsection 54-17-602(3) and does not satisfy Subsection
455 54-17-602(3) for 2030.

456 Section 6. Section **54-17-605** is amended to read:

457 **54-17-605. Recovery of costs for renewable energy activities.**

458 (1) In accordance with other law, the commission shall include in the retail electric
459 rates of an electrical corporation whose rates the commission regulates the state's share of any
460 of the costs listed in Subsection (2) that are relevant to the proceeding in which the commission
461 is considering the electrical corporation's rates:

462 (a) if the costs are prudently incurred by the electrical corporation in connection with:

463 (i) the acquisition of a renewable energy certificate;

464 (ii) the acquisition of qualifying electricity for which a renewable energy certificate
465 will be issued after the acquisition; and

466 (iii) the acquisition, construction, and use of a renewable energy or clean energy
467 source; and

468 (b) to the extent any qualifying electricity ~~[or]~~, renewable energy source, or clean
469 energy source under Subsection (1)(a) satisfies the cost-effectiveness criteria:

470 (i) ~~[of]~~ under Subsection [54-17-201\(2\)\(c\)\(ii\)](#)~~[-];~~ or

471 (ii) under Subsection [54-17-602\(3\)\(c\)](#).

472 (2) The following are costs that may be recoverable under Subsection (1):

473 (a) a cost of siting, acquisition of property rights, equipment, design, licensing,
474 permitting, construction, owning, operating, or otherwise acquiring a renewable energy source
475 or clean energy source and any associated asset, including transmission;

476 (b) a cost to acquire qualifying electricity through trade, power purchase, or other
477 transfer;

478 (c) a cost to acquire a bundled or unbundled renewable energy certificate, if any net
479 revenue from the sale of a renewable energy certificate allocable to this state is also included in
480 rates;

481 (d) a cost to interconnect a renewable energy source or clean energy source to the
482 electrical corporation's transmission and distribution system;

483 (e) a cost associated with using a physical or financial asset to integrate, firm, or shape
484 a renewable energy source or clean energy source on a firm annual basis to meet a retail
485 electricity need; and

486 (f) any cost associated with transmission and delivery of qualifying electricity or
487 qualifying clean electricity to a retail electricity consumer.

488 (3) (a) The commission ~~[may]~~ shall:

489 (i) allow an electrical corporation to use an adjustment mechanism or reasonable
490 method other than a rate case under Sections [54-4-4](#) and [54-7-12](#) to allow recovery of costs
491 identified in Subsection (2)~~[-];~~ or

492 (ii) allow an electrical corporation to recover costs identified in Subsection (2) by

493 including costs identified in Subsection (2) in rates pursuant to a rate case.

494 (b) [~~If the commission allows the use of an adjustment mechanism, both~~] Both the
495 costs and any associated benefit shall be reflected in the mechanism[;] or method approved by
496 the commission in Subsection (3)(a) to the extent practicable.

497 [~~(c) This Subsection (3) creates no presumption for or against the use of an adjustment~~
498 ~~mechanism.]~~

499 (4) (a) The commission may permit an electrical corporation to include in its retail
500 electric rates the state's share of costs prudently incurred by the electrical corporation in
501 connection with a renewable energy source, whether or not the renewable energy source
502 ultimately becomes operational, including costs of:

503 (i) siting;

504 (ii) property acquisition;

505 (iii) equipment;

506 (iv) design;

507 (v) licensing;

508 (vi) permitting; and

509 (vii) other reasonable items related to the renewable energy source.

510 (b) Subsection (4)(a) creates no presumption concerning the prudence or recoverability
511 of the costs identified.

512 (c) To the extent deferral is consistent with other applicable law, the commission may
513 allow an electrical corporation to defer costs recoverable under Subsection (4)(a) until the
514 recovery of the deferred costs can be considered in a rate proceeding or an adjustment
515 mechanism created under Subsection (3).

516 (d) An application to defer costs shall be filed within 60 days after the day on which
517 the electrical corporation determines that the renewable energy source project is impaired under
518 generally accepted accounting principles and will not become operational.

519 (e) Notwithstanding the opportunity to defer costs under Subsection (4)(c), a cost
520 incurred by an electrical corporation for siting, property acquisition, equipment, design,
521 licensing, and permitting of a renewable energy source that the electrical corporation proposes
522 to construct shall be included in the electrical corporation's project costs for the purpose of
523 evaluating the project's cost-effectiveness.

524 (f) A deferred cost under Subsection (4)(a) may not be added to, or otherwise
525 considered in the evaluation of, the cost of a project proposed by any person other than the
526 electrical corporation for the purpose of evaluating that person's proposal.