

## House Public Utilities Committee

February 4th 2025

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### **Bill: 1st substitute HB 201 – Energy Resources Amendments**

Sponsor: Representative Colin W. Jack

Floor Sponsor: Senator Ronald M. Winterton

### **UASD Position: Tracking**

This Bill modifies provisions related to the evaluation of integrated resource plans by the Public Service Commission.

Discussion: Representative Jack spoke to the 1st substitute of the Bill, which was adopted by the Committee. He explained that this Bill ensures full cost attribution for supplemental energy resources, meaning the cost of backup power would be fully assigned to the variable energy resources that rely on it. He believes this change would create transparency in energy pricing and would establish more accurate generation capacity calculations by ensuring that utilities match their energy generation rates to demand loads. He emphasized the importance of maintaining an efficient load factor and balancing energy supply with demand to keep costs affordable. Lastly, he explained the Bill includes consumer protections for demand management, ensuring that electricity consumption is governed by electronic consent, while still allowing voluntary demand management programs.

Representative Shipp asked for examples of supplemental resources. The sponsor explained that traditionally utilities have ensured they had sufficient energy resources to meet demand. Some states have promoted intermittent energy sources, oversupplying themselves to drive down market prices in neighboring states. While this strategy can create short-term savings, it leads to increased reliance on expensive backup power plants which ultimately drives up costs. He argued that failing to account for these fluctuations results in an inefficient system that inflates consumer energy rates. Representative Dominguez asked how this Bill would affect programs like those offered by Rocky Mountain Power. The sponsor stated the Bill would not impact retail customers but it would influence how Rocky Mountain Power categorizes energy resources in its integrated resource plan. When asked by Representative Dominguez whether the Bill was intended to incentivize solar or other renewable sources, the sponsor clarified that its purpose was to ensure sufficient energy resources to meet foreseeable demand, preventing future shortages. Representative Dominguez then inquired about the percentage of the state's energy mix that comes from solar. The sponsor did not have the exact figures, stating that the Bill simply requires utilities to match resources to demand and account for firming resources even when using inexpensive energy sources. Representative Peck noted concerns from constituents that the Bill imposes new costs and regulations on specific energy sources while leaving others unaffected. She asked how the Bill ensures a level playing field. The sponsor responded that the Bill does not favor any specific fuel type. Rather, it focuses on the physical attributes of energy generation, prioritizing high capacity and efficient resources. He argued that intermittent energy sources require additional firming capacity during peak hours, which has a higher cost per unit than consistent, high-capacity generation. He believed the Bill would lower costs for Utah ratepayers by making resource allocation decisions based on technical, rather than political considerations.

The Utah Chapter of the Sierra Club opposed the Bill, arguing that it disrupts fair competition in energy markets and could lead to higher rates for Utahns. Utah Clean Energy also opposed the Bill but supported some of the changes made in the 1st substitute. The Utah Rural Electric Cooperative Association spoke in favor of the Bill. Many members of the public voiced opposition. The sponsor acknowledged public concerns and clarified that the Bill would not diminish energy efficiency. He reiterated that the goal was to protect consumers and ensure that Utah maintains the best possible utility rates.

Yeas: 9

Nays: 1

N/V: 3

**Outcome: 1st substitute HB 201 passed out of the Committee with a favorable recommendation.**

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