

1 **Energy Efficiency Rebate Amendments**
 2026 GENERAL SESSION
 STATE OF UTAH
Chief Sponsor: David Shallenberger
 Senate Sponsor:

2
 3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to energy rebate programs.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ defines terms;
- 9 ▶ modifies provisions related to clean energy sources, contracts, and tariffs to include
- 10 high-resolution demand-side resources;
- 11 ▶ requires the Office of Energy Development (office) to conduct a study of energy rebate
- 12 programs operated by large-scale public utilities;
- 13 ▶ requires the office to submit a report on energy rebate programs to the Public Utilities,
- 14 Energy, and Technology Interim Committee by November 30, 2026; and
- 15 ▶ requires large-scale public utilities to submit an annual report regarding the energy rebate
- 16 programs operated by the large-scale public utility.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 **AMENDS:**

- 23 **54-17-601**, as last amended by Laws of Utah 2024, Chapter 53
- 24 **54-17-801**, as last amended by Laws of Utah 2024, Chapter 53
- 25 **54-17-802**, as last amended by Laws of Utah 2024, Chapter 53
- 26 **54-17-805**, as last amended by Laws of Utah 2024, Chapter 53
- 27 **54-17-806**, as last amended by Laws of Utah 2024, Chapter 53

28 **ENACTS:**

- 29 **79-6-410**, Utah Code Annotated 1953
- 30 **79-6-411**, Utah Code Annotated 1953

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

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

54-17-601 . Definitions.

As used in this part:

- (1) "Adjusted retail electric sales" means the total kilowatt-hours of retail electric sales of an electrical corporation to customers in this state in a calendar year, reduced by:
- (a) the amount of those kilowatt-hours attributable to electricity generated or purchased in that calendar year from qualifying zero carbon emissions generation and qualifying carbon sequestration generation;
 - (b) the amount of those kilowatt-hours attributable to electricity generated or purchased in that calendar year from generation located within the geographic boundary of the Western Electricity Coordinating Council that derives its energy from one or more of the following but that does not satisfy the definition of a clean energy source or that otherwise has not been used to satisfy Subsection 54-17-602(1):
 - (i) wind energy;
 - (ii) solar photovoltaic and solar thermal energy;
 - (iii) wave, tidal, and ocean thermal energy;
 - (iv) except for combustion of wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass byproducts, including:
 - (A) organic waste;
 - (B) forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and to reduce wildfire risk;
 - (C) agricultural residues;
 - (D) dedicated energy crops; and
 - (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters, or municipal solid waste;
 - (v) geothermal energy;
 - (vi) hydroelectric energy; or
 - (vii) waste gas and waste heat capture or recovery; and
 - (c) the number of kilowatt-hours attributable to reductions in retail sales in that calendar year from demand side management as defined in Section 54-7-12.8, with the kilowatt-hours for an electrical corporation whose rates are regulated by the

65 commission and adjusted by the commission to exclude kilowatt-hours for which a
66 renewable energy certificate is issued under Subsection 54-17-603(4)(b).

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

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

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

78 (b) carried forward into a subsequent year.

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

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

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

86 (5) "Clean energy source" means:

87 (a) an electric generation facility or generation capability or upgrade that becomes
88 operational on or after January 1, 1995, that derives its energy from one or more of
89 the following:

90 (i) wind energy;

91 (ii) solar photovoltaic and solar thermal energy;

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

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

96 (A) organic waste;

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

- 99 (C) agricultural residues;
- 100 (D) dedicated energy crops; and
- 101 (E) landfill gas or biogas produced from organic matter, wastewater, anaerobic
- 102 digesters, or municipal solid waste;
- 103 (v) geothermal energy located outside the state;
- 104 (vi) waste gas and waste heat capture or recovery, including methane gas from:
- 105 (A) an abandoned coal mine; or
- 106 (B) a coal degassing operation associated with a state-approved mine permit;
- 107 (vii) efficiency upgrades to a hydroelectric facility, without regard to the date upon
- 108 which the facility became operational, if the upgrades become operational on or
- 109 after January 1, 1995;
- 110 (viii) compressed air, if:
- 111 (A) the compressed air is taken from compressed air energy storage; and
- 112 (B) the energy used to compress the air is a clean energy source;
- 113 (ix) municipal solid waste; or
- 114 (x) energy derived from nuclear fuel;
- 115 (b) any of the following:
- 116 (i) up to 50 average megawatts of electricity per year per electrical corporation from a
- 117 certified low-impact hydroelectric facility, without regard to the date upon which
- 118 the facility becomes operational, if the facility is certified as a low-impact
- 119 hydroelectric facility on or after January 1, 1995, by a national certification
- 120 organization;
- 121 (ii) geothermal energy if located within the state, without regard to the date upon
- 122 which the facility becomes operational; or
- 123 (iii) hydroelectric energy if located within the state, without regard to the date upon
- 124 which the facility becomes operational;
- 125 (c) hydrogen gas derived from any source of energy described in Subsection (5)(a) or (b);
- 126 (d) if an electric generation facility employs multiple energy sources, that portion of the
- 127 electricity generated that is attributable to energy sources described in Subsections
- 128 (5)(a) through (c); [and]
- 129 (e) any of the following located in the state and owned by a user of energy:
- 130 (i) a demand side management measure, as defined by Subsection 54-7-12.8(1), with
- 131 the quantity of renewable energy certificates to which the user is entitled
- 132 determined by the equivalent energy saved by the measure;

- 133 (ii) a solar thermal system that reduces the consumption of fossil fuels, with the
 134 quantity of renewable energy certificates to which the user is entitled determined
 135 by the equivalent kilowatt-hours saved, except to the extent the commission
 136 determines otherwise with respect to net-metered energy;
- 137 (iii) a solar photovoltaic system that reduces the consumption of fossil fuels with the
 138 quantity of renewable energy certificates to which the user is entitled determined
 139 by the total production of the system, except to the extent the commission
 140 determines otherwise with respect to net-metered energy;
- 141 (iv) a hydroelectric or geothermal facility with the quantity of renewable energy
 142 certificates to which the user is entitled determined by the total production of the
 143 facility, except to the extent the commission determines otherwise with respect to
 144 net-metered energy;
- 145 (v) a waste gas or waste heat capture or recovery system, other than from a combined
 146 cycle combustion turbine that does not use waste gas or waste heat, with the
 147 quantity of renewable energy certificates to which the user is entitled determined
 148 by the total production of the system, except to the extent the commission
 149 determines otherwise with respect to net-metered energy; and
- 150 (vi) the station use of solar thermal energy, solar photovoltaic energy, hydroelectric
 151 energy, geothermal energy, waste gas, or waste heat capture and recovery[-] ; or
 152 (f) a high-resolution demand-side resource.

153 (6) "Electrical corporation":

- 154 (a) is as defined in Section 54-2-1; and
 155 (b) does not include a person generating electricity that is not for sale to the public.

156 (7) "High-resolution demand-side resource" means a system that:

- 157 (a) provides real-time, circuit-level sub-metering to measure and verify demand
 158 reduction;
 159 (b) utilizes automated load control capable of responding to grid conditions;
 160 (c) provides granular measurement data;
 161 (d) may be comprised of a single site or an aggregation of multiple distributed sites
 162 managed by a unified control system; and
 163 (e) uses hardware, software, and firmware that comply with grid interconnection and
 164 communication standards adopted or recognized by the commission.

165 [(7)] (8) "Qualifying carbon sequestration generation" means a fossil-fueled generating
 166 facility located within the geographic boundary of the Western Electricity Coordinating

167 Council that:

- 168 (a) becomes operational or is retrofitted on or after January 1, 2008; and
 169 (b) reduces carbon dioxide emissions into the atmosphere through permanent geological
 170 sequestration or through another verifiably permanent reduction in carbon dioxide
 171 emissions through the use of technology.

172 [(8)] (9) "Qualifying electricity" means:

- 173 (a) electricity generated on or after January 1, 1995, from a clean energy source if:
 174 [(a)] (i) [(i)] (A) the renewable energy source is located within the geographic
 175 boundary of the Western Electricity Coordinating Council; or
 176 [(i)] (B) the qualifying electricity is delivered to the transmission system of an
 177 electrical corporation or a delivery point designated by the electrical
 178 corporation for the purpose of subsequent delivery to the electrical corporation;
 179 and
 180 [(b)] (ii) the renewable energy attributes of the electricity are not traded, sold,
 181 transferred, or otherwise used to satisfy another state's renewable energy program[=]
 182 ; and

- 183 (b) for purposes of commission-approved voluntary renewable or clean energy tariffs,
 184 verified net reductions in electricity consumption delivered through a high-resolution
 185 demand-side resource.

186 [(9)] (10) "Qualifying zero carbon emissions generation":

- 187 (a) means a generation facility located within the geographic boundary of the Western
 188 Electricity Coordinating Council that:
 189 (i) becomes operational on or after January 1, 2008; and
 190 (ii) does not produce carbon as a byproduct of the generation process;
 191 (b) includes generation powered by nuclear fuel; and
 192 (c) does not include renewable energy sources used to satisfy the requirement
 193 established under Subsection 54-17-602(1).

194 [(10)] (11) "Renewable energy certificate" means a certificate issued under Section
 195 54-17-603.

196 [(11)] (12) "Unbundled renewable energy certificate" means a renewable energy certificate
 197 associated with:

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

201 (b) activities listed in Subsection (5)(e).

202 Section 2. Section **54-17-801** is amended to read:

203 **54-17-801 . Definitions.**

204 As used in this part:

205 (1) "Clean energy contract" means a contract under this part for the delivery of electricity or
 206 the provision of verified load reduction from one or more clean energy facilities to a
 207 contract customer requiring the use of a qualified utility's transmission or distribution
 208 system to deliver the electricity from a clean energy facility to the contract customer.

209 (2)(a) "Clean energy facility" means:

210 (i) a clean energy source as defined in Section 54-17-601 that:

211 [(†)] (A) is located in the state; or

212 [(†)] (B)[(A)] is located outside the state[;] and

213 [(B)] provides energy from baseload clean resources[-] ; or

214 (ii) a high-resolution demand-side resource, whether located on the contract
 215 customer's premises or aggregated from third-party locations.

216 (b) "Clean energy facility" does not include an electric generating facility for which the
 217 electric generating facility's costs are included in a qualified utility's rates as a facility
 218 that provides electric service to the qualified utility's system.

219 (3) "Clean energy tariff" means a tariff offered by a qualified utility that allows the
 220 qualified utility to procure clean generation on behalf of and to serve its customers.

221 (4) "Contract customer" means a person who executes or will execute a clean energy
 222 contract with a qualified utility.

223 (5) "High-resolution demand-side resource" means the same as that term is defined in
 224 Section 54-17-601.

225 [(5)] (6) "Qualified utility" means an electric corporation that serves more than 200,000
 226 retail customers in the state.

227 Section 3. Section **54-17-802** is amended to read:

228 **54-17-802 . Contracts for the purchase of electricity from a clean energy facility.**

229 (1) Within a reasonable time after receiving a request from a contract customer and subject
 230 to reasonable credit requirements, a qualified utility shall enter into a clean energy
 231 contract with the requesting contract customer to supply some or all of the contract
 232 customer's electric service from one or more clean energy facilities selected by the
 233 contract customer.

234 (2) Subject to a contract customer agreeing to pay the qualified utility for all incremental

- 235 costs associated with metering facilities, communication facilities, and administration, a
236 clean energy contract may provide for electricity to be delivered to a contract customer:
- 237 (a) from one clean energy facility to a contract customer's single metered delivery
238 location;
- 239 (b) from multiple clean energy facilities to a contract customer's single metered delivery
240 location; or
- 241 (c) from one or more clean energy facilities to a single contract customer's multiple
242 metered delivery locations.
- 243 (3)(a) A single contract customer may aggregate multiple metered delivery locations to
244 satisfy the minimum megawatt limit under Subsection (4).
- 245 (b) Multiple contract customers may not aggregate their separate metered delivery
246 locations to satisfy the minimum megawatt limit under Subsection (4).
- 247 (4) The amount of electricity provided to a contract customer under a clean energy contract
248 may not be less than 2.0 megawatts.
- 249 (5) The amount of electricity provided in any hour to a contract customer under a clean
250 energy contract may not exceed the contract customer's metered kilowatt-hour load in
251 that hour at the metered delivery locations under the contract.
- 252 (6) A clean energy contract that meets the requirements of Subsection (4) may provide for
253 one or more increases in the amount of electricity to be provided under the contract even
254 though the amount of electricity to be provided by the increase is less than the minimum
255 amount required under Subsection (4).
- 256 (7) The total amount of electricity to be generated by clean energy facilities and delivered
257 to contract customers at any one time under all clean energy contracts may not exceed
258 300 megawatts, unless the commission approves in advance a higher amount.
- 259 (8) Electricity generated by a clean energy facility and delivered to a contract customer
260 under a clean energy contract may not be included in a net metering program under
261 Chapter 15, Net Metering of Electricity.
- 262 (9) For purposes of this part, the requirement for delivery of electricity to a contract
263 customer is satisfied if a high-resolution demand-side resource provides a metered
264 reduction in load.

265 Section 4. Section **54-17-805** is amended to read:

266 **54-17-805 . Costs associated with delivering electricity from a clean energy**
267 **facility to a contract customer.**

- 268 (1) To the extent that a clean energy contract provides for the delivery of electricity from a

269 clean energy facility owned by the contract customer, the clean energy contract shall
270 require the contract customer to pay for the use of the qualified utility's transmission or
271 distribution facilities at the qualified utility's applicable rates, which may include
272 transmission costs at the qualified utility's applicable rate approved by the Federal
273 Energy Regulatory Commission.

274 (2) To the extent that a clean energy contract provides for the delivery of electricity from a
275 clean energy facility owned by a person other than the qualified utility or the contract
276 customer, the clean energy contract shall require the contract customer to bear all
277 reasonably identifiable costs that the qualified utility incurs in delivering the electricity
278 from the clean energy facility to the contract customer, including all costs to procure and
279 deliver electricity and for billing, administrative, and related activities, as determined by
280 the commission.

281 (3) A qualified utility that enters a clean energy contract shall charge a contract customer
282 for all metered electric service delivered to the contract customer, including generation,
283 transmission, and distribution service, at the qualified utility's applicable tariff rates,
284 excluding:

- 285 (a) any kilowatt hours of electricity delivered from the clean energy facility, based on
286 the time of delivery, adjusted for transmission losses;
- 287 (b) any kilowatts of electricity delivered from the clean energy facility that coincide with
288 the contract customer's monthly metered kilowatt demand measurement, adjusted for
289 transmission losses;
- 290 (c) any transmission and distribution service that the contract customer pays for under
291 Subsection (1) or (2); and
- 292 (d) any transmission service that the contract customer provides under Subsection (2) to
293 deliver generation from the clean energy facility.

294 (4) For a clean energy contract involving a high-resolution demand-side resource, verified
295 reductions in electricity consumption shall be treated as electricity delivered from the
296 clean energy facility for purposes of Subsection (3).

297 Section 5. Section **54-17-806** is amended to read:

298 **54-17-806 . Qualified utility clean energy tariff.**

299 (1) The commission may authorize a qualified utility to implement a clean energy tariff in
300 accordance with this section if the commission determines the tariff that the qualified
301 utility proposes is reasonable and in the public interest.

302 (2) The commission may authorize a tariff under Subsection (1) to apply to:

- 303 (a) a qualified utility customer with an aggregated electrical load of at least five
304 megawatts; or
- 305 (b) a combination of qualified utility customers who are separately metered if:
306 (i) the aggregated electrical load of the qualified utility customers is at least five
307 megawatts; and
308 (ii) each of the qualified utility customers is located within a project area, as defined
309 in Section 11-58-102.
- 310 (3) A customer who agrees to take service that is subject to the clean energy tariff under
311 this section shall pay:
- 312 (a) the customer's normal tariff rate;
313 (b) an incremental charge in an amount equal to the difference between the cost to the
314 qualified utility to supply clean generation to the clean energy tariff customer and the
315 qualified utility's avoided costs as defined in Subsection 54-2-1(1), or a different
316 methodology recommended by the qualified utility; and
317 (c) an administrative fee in an amount approved by the commission.
- 318 (4) The commission shall allow a qualified utility to recover the qualified utility's prudently
319 incurred cost of clean generation procured pursuant to the tariff established in this
320 section that is not otherwise recovered from the proceeds of the tariff paid by customers
321 agreeing to service that is subject to the clean energy tariff.
- 322 (5) For a clean energy tariff implemented under this section:
- 323 (a) notwithstanding any utility regulation or tariff to the contrary, a qualified utility shall
324 accept sub-metering data from a high-resolution demand-side resource for billing and
325 verification purposes;
- 326 (b) a qualified utility may not:
- 327 (i) exclude high-resolution demand-side resources from participation;
328 (ii) require a physical generation facility as a condition for a contract customer to
329 receive credits for clean energy usage; or
330 (iii) fail to account for avoided capacity costs and avoided transmission losses in
331 calculating charges for high-resolution demand-side resources;
- 332 (c) a contract customer may delegate the management, control, and verification of a
333 high-resolution demand-side resource to a third-party service provider or aggregator,
334 and the qualified utility shall recognize the third-party provider as the authorized
335 agent for providing metering data, verifying load reductions, and coordinating with
336 the utility; and

337 (d) eligibility for a demand-side management program does not disqualify a resource
338 from participating in a clean energy contract under this part.

339 Section 6. Section **79-6-410** is enacted to read:

340 **79-6-410 . Energy rebate program study.**

341 (1) As used in this section:

342 (a) "Commission" means the Public Service Commission established in Section 54-1-1.

343 (b) "Demand side management" means the same as that term is defined in Section
344 54-7-12.8.

345 (c) "Energy rebate program" means a program operated by a public utility that provides
346 financial rebates or incentives to customers for demand side management.

347 (d) "Large-scale public utility" means a public utility that:

348 (i) provides retail electric service to more than 200,000 retail customers in the state; or

349 (ii) provides retail natural gas service to more than 200,000 retail customers in the
350 state.

351 (2) On or before November 30, 2026, the office shall conduct a comprehensive study of
352 energy rebate programs and submit a report to the Public Utilities, Energy, and
353 Technology Interim Committee.

354 (3) In conducting the study described in Subsection (2), the office shall:

355 (a) consult with:

356 (i) large-scale public utilities that operate energy rebate programs;

357 (ii) the commission;

358 (iii) the Office of Consumer Services;

359 (iv) the Division of Public Utilities; and

360 (v) other stakeholders as determined by the office;

361 (b) evaluate energy rebate programs operated by large-scale public utilities in the state,
362 including:

363 (i) the types of rebates offered;

364 (ii) customer participation rates;

365 (iii) energy savings achieved;

366 (iv) cost-effectiveness of programs;

367 (v) administrative costs;

368 (vi) program design and delivery methods; and

369 (vii) barriers to customer participation;

370 (c) research and analyze energy rebate programs in other states, including:

- 371 (i) program structures and designs;
372 (ii) measurable outcomes and performance metrics;
373 (iii) innovative approaches to customer engagement; and
374 (iv) lessons learned from program implementation;
375 (d) evaluate the alignment of existing energy rebate programs with the state energy
376 policy described in Section 79-6-301;
377 (e) assess opportunities to improve energy rebate programs to better serve customers;
378 (f) evaluate the impact of energy rebate programs on:
379 (i) energy affordability;
380 (ii) energy reliability;
381 (iii) grid stability and dispatchability;
382 (iv) energy sustainability; and
383 (v) economic development in the state; and
384 (g) identify potential improvements to energy rebate programs offered by large-scale
385 public utilities in the state.
386 (4) The report required by Subsection (2) shall include:
387 (a) a summary of findings from the study;
388 (b) an analysis of how existing energy rebate programs align with the state energy policy;
389 (c) recommendations for best practices in energy rebate program design and
390 implementation;
391 (d) recommendations for improving alignment of energy rebate programs with the state
392 energy policy;
393 (e) recommendations for performance metrics and evaluation criteria for energy rebate
394 programs;
395 (f) recommendations for addressing barriers to customer participation in energy rebate
396 programs;
397 (g) recommendations for program modifications to better serve different customer
398 classes;
399 (h) an assessment of the appropriate role of energy rebate programs in achieving the
400 state's energy goals; and
401 (i) proposed legislative or regulatory changes, if any, to improve energy rebate programs
402 in the state.

403 Section 7. Section **79-6-411** is enacted to read:

404 **79-6-411 . Energy rebate program reporting.**

- 405 (1) As used in this section:
- 406 (a) "Commission" means the Public Service Commission established in Section 54-1-1.
- 407 (b) "Demand side management" means the same as that term is defined in Section
- 408 54-7-12.8.
- 409 (c) "Energy rebate program" means a program operated by a public utility that provides
- 410 financial rebates or incentives to customers for demand side management.
- 411 (d) "Large-scale public utility" means a public utility that:
- 412 (i) provides retail electric service to more than 200,000 retail customers in the state; or
- 413 (ii) provides retail natural gas service to more than 200,000 retail customers in the
- 414 state.
- 415 (2) On or before November 30, 2026, and annually thereafter on or before November 30,
- 416 each large-scale public utility that operates an energy rebate program shall submit a
- 417 report to the commission and to the Public Utilities, Energy, and Technology Interim
- 418 Committee.
- 419 (3) The report required by Subsection (2) shall describe:
- 420 (a) each energy rebate program operated by the large-scale public utility during the
- 421 previous calendar year;
- 422 (b) for each energy rebate program:
- 423 (i) the number of customers who participated in the program by customer class;
- 424 (ii) the total amount of rebates issued;
- 425 (iii) energy savings achieved;
- 426 (iv) cost-effectiveness metrics; and
- 427 (v) administrative costs incurred; and
- 428 (c) how each energy rebate program aligns with the state energy policy described in
- 429 Section 79-6-301.

430 **Section 8. Effective Date.**

431 This bill takes effect on May 6, 2026.