

**2023 WYOMING PUBLIC SERVICE COMMISSION
CARBON CAPTURE UTILIZATION AND STORAGE
REPORT TO THE LEGISLATURE
Wyo. Stat. §§ 37-18-102(e)**

On March 31, 2023, Rocky Mountain Power (RMP), Black Hills Power (BHP) and Cheyenne Light, Fuel and Power (CLFP) (Black Hills Power and Cheyenne Light, Fuel and Power collectively referred to as Black Hills Energy or BHE) (BHE and RMP referred to collectively as the Companies) filed applications with the Wyoming Public Service Commission (Commission) to establish low-carbon energy standards and requirements pursuant to Wyoming Statute §§ 37-18-101 and 102 (also known as HB200) and Commission Rule, Chapter 3, Section 38. BHP and CLFP filed a joint application.

After review and analysis by Commission Staff, the PSC held hearings on the applications. RMP's hearing was held on October 24, 2022 (Docket No. 20000-616-EA-22), with deliberations held on November 29, 2022. BHE's hearing was held on October 3, 2022 (Docket Nos. 20002-122-EA-22 and 20003-209-EA-22), with deliberations held on November 29, 2022, as well. At deliberations, the Commission approved the Companies' applications and ordered the following:

1. Required the Companies to file a progress report regarding Requests for Proposals (RFP) on or before February 1, 2023.
2. Directed the Companies to not impose strict limits on the RFPs and allow for the potential for proposals involving technologies other than amine.
3. "Waived" the March 31, 2023, deadline as it relates to a "final" application.
4. Required the filing of another "interim" application, on or before March 31, 2023, to explore the issues and contain more analysis as suggested by the Office of Consumer Advocate.
5. Ordered the Companies to include, in the "interim" application, their RFP processes and timelines.
6. Required Companies to evaluate the percentage of reliable power that would be generated under a CCUS scenario.
7. Directed the Companies to consider joint venture options to the extent permitted by the statute.
8. Directed the Companies to fully evaluate 3rd party options.
9. Directed the Companies to conduct an analysis of available tax credits.
10. Directed the Companies to fully consider options under Wyoming Statute § 31-15-102(c).
11. Required the "final" applications to be filed on or before March 31, 2024.

The Commission did not make decisions regarding requiring an independent evaluator, and did not set an intermediate standard. The Commission concluded that it is not possible or necessary to establish an intermediate standard at this time because more information must be developed and additional analysis performed before it will be in a position to take such action. Accordingly, the Commission deferred such a decision regarding the establishment of an intermediate standard.

Concurrently with its low-carbon energy standards application, RMP filed a tariff application (Docket No. 20000-615-ET-22), requesting to establish a new rate recovery mechanism under Tariff Schedule 198, Carbon Capture, Utilization and Storage Charge (CCUS) pursuant to Wyoming Statute §37-18-102(c)(iii). RMP requested surcharge of 0.5% to collect approximately \$3.1 million annually for

its CCUS proposal to provide the utility a flexible tool and an incentive allowing advanced retention of the funds necessary to pay the incremental costs incurred to comply with Wyoming Statutes §§ 37-18-101 and 102 and related regulations, including costs incurred in analyzing units amenable to CCUS and research of available carbon capture technology. A hearing was held on the tariff application on October 31, 2022, with deliberations held on December 29, 2022. At deliberations, the Commission approved the application allowing RMP to collect a surcharge of 0.3% as an appropriate amount considering the expenses already incurred and likely to be incurred by RMP to comply with Wyoming Statutes §§37-18-101 and 102.

On February 1, 2023, the Companies filed their progress reports.

On March 31, 2023, RMP filed its “interim” application (Docket No. 20000-640-EA-23). On April 3, 2023, BHE file its “interim” application (Docket Nos. 20002-126-EA-23 and 20003-221-EA-23). On April 14, 2023, BHE filed a tariff application for approval of a low-carbon surcharge tariff and to establish a low-carbon surcharge rate (Docket Nos. 20002-127-ET-23 and 20003-223-ET-23). BHE is requesting a surcharge of 0.67%, or \$980,000 annually to be effective on customers’ bills on and after September 1, 2023. Currently, Commission Staff is reviewing and analyzing the Companies’ applications identified in this paragraph.

Since CCUS evaluations are ongoing, the Commission has only preliminary thoughts regarding whether the implementation of low-carbon electric portfolio standards as required by Wyoming Statutes §§ 37-18-101 and 102, should be continued, modified or repealed. First, the legislature may want to consider an amendment to authorize pilot projects utilizing technologies not yet deemed ready for commercial scale deployment to allow wider exploration of opportunities for carbon capture. (I am being purposely vague here). Second, as a technical correction, the Commission recommends the following change to 37-18-102 (a)(iii): “*Shall establish intermediate ~~standards and~~ requirements for dispatchable and reliable low-carbon electricity*”

ATTACHMENTS:

Commission Order on RMP Tariff Surcharge.

Docket No. 20000-615-ET-22

RMP February 1, 2023, progress report.

Docket No. 20000-616-EA-22

Commission Order on BHE to establish intermediate low-carbon energy portfolio standards.

BHE February 1, 2023, progress report.

Docket Nos. 20002-123-EA-22 and 20003-209-EA-22

LINKS TO THE DOCKETS:

[https://dms.wyo.gov/\(S\(pio140p5bn2y0ycpmmj4b5ve\)\)/external/publicusers.aspx](https://dms.wyo.gov/(S(pio140p5bn2y0ycpmmj4b5ve))/external/publicusers.aspx) (Hold the Ctrl key and click on the above link. Next click on the submit tab and then the enter the record number listed below to access each docket.)

RMP March 31, 2022, application: 17032

RMP March 31, 2022, tariff surcharge application: 17029

BHE March 31, 2022, application: 17028

RMP March 31, 2023, “interim” application: 17277

BHE April 3, 2023, “interim” application: 17275

BHE April 14, 2023, tariff surcharge application: 17278