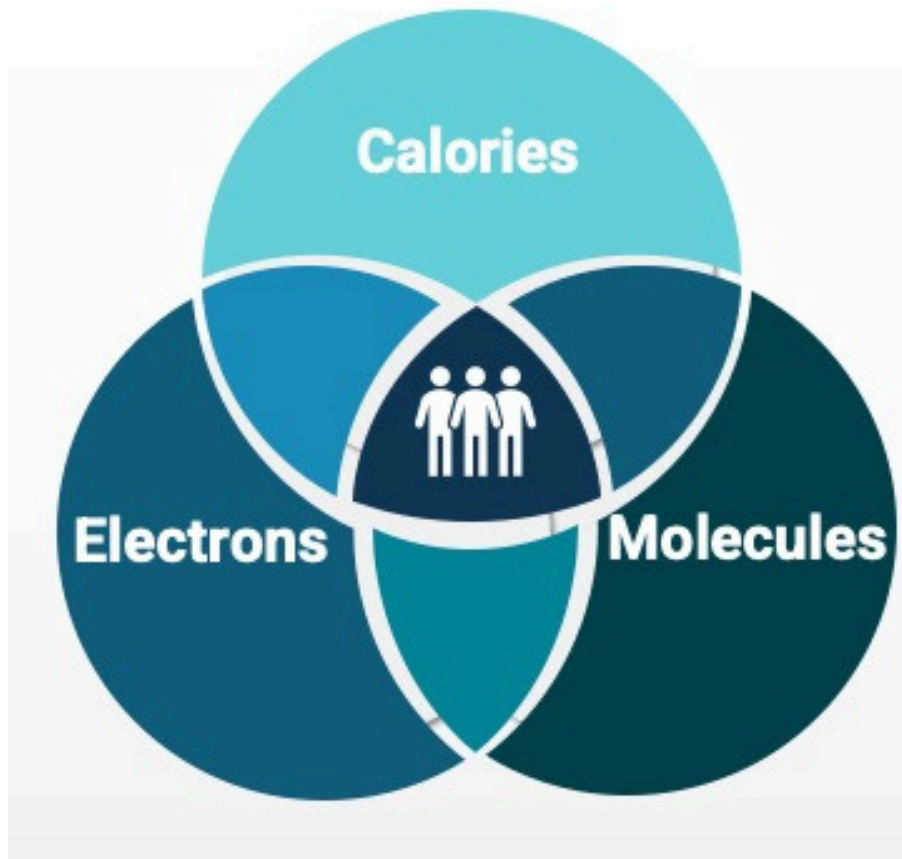




UTAH OFFICE OF
ENERGY DEVELOPMENT



HUMAN-CENTRIC ENERGY POLICY **FRAMEWORK & OUTCOMES** 2024



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ENERGY DEVELOPMENT



PRINCIPLE-BASED STRATEGIC FRAMEWORK





Human (Consumer)-Centric Energy Policy

Principle-Based Strategic Framework

Preamble

The State of Utah, committed to ensuring a secure energy future for its citizens, recognizes that energy exists to meet human needs and unlock human potential, driving societal advancement. Our consumer-centric energy policy aims to achieve the state's energy objectives by placing human well-being at the forefront, promoting pragmatic, data-driven decisions over ideologically motivated choices. We employ these guiding principles:

Pragmatic Decision Making

- Utilize real-world data and practical solutions to guide energy policy, focusing on measurable outcomes and realistic approaches.

Total System View

- Considering the entire energy ecosystem, including extraction, production, distribution, consumption, and end-of-life, to ensure cohesive and comprehensive strategies.

Unleashing Human Potential

- Solving future challenges by empowering individuals, businesses, and communities.

Consistency and Stability

- Develop policies that provide a predictable and stable energy supply, minimizing disruptions and maintaining reliability.

Adaptability

- Ensure flexibility in policies to accommodate technological advancements and evolving market dynamics, enabling swift responses to new opportunities and challenges.

Transparency and Accountability

- Maintain open communication and clear responsibilities within the energy sector to build trust and ensure ethical governance.

Long-Term Vision

- Focus on sustainable development, balancing current needs with future energy demands to ensure ongoing prosperity and environmental health.

Cohesion and Unity

- Foster collaboration among stakeholders, including government, industry, and consumers, to align goals and work towards common objectives.

Strategic Alignments

In an era where the intricacies of societal, market, and governmental structures intersect more profoundly than ever, the power to drive progress and prosperity lies in alignment rather than opposition or misalignment. The role of government, while critical, is to facilitate solutions without imposing undue constraints or neglecting its responsibility to safeguard human health and well-being.

1. **Foundational Alignment** - The sole purpose of producing energy is to fulfill the needs of consumers

- Energy production exists to serve the needs of consumers. It is the lifeblood of our society, integral to fulfilling essential needs. Its true value lies not in its mere existence but in its application to protect and enhance the lives of Utahns. Declaring energy as a basic human necessity forms a robust foundation for securing our energy future.
 - **The availability of abundant, reliable, and affordable energy is the key resource that has enabled our modern way of life. Insufficient energy supply endangers the core of our current and future well-being, which will prevent our capacity to tackle future challenges.**

2. **Market Alignment** - Preserve and empower the consumer's voice as the main driving force in the market

- The market currently suffers from distortions due to aggressive federal and regional interference, adversely impacting Utah.
- The growing reliance on unpredictable energy sources undermines the stability and reliability of energy supply, leading to greater price volatility, more frequent and costly energy emergencies, and intrusive demand-side management that restricts energy use freedom.

3. **Innovation Alignment** - The solutions we need for tomorrow require more innovation, not more regulations

Embracing innovation across policy, technology, research, and collaboration will spur economic growth, enhance competitiveness, ensure energy security, improve grid resilience, achieve cost savings, meet rising energy demands efficiently, leverage collaborative benefits, create jobs, establish technological leadership, and adapt swiftly to evolving market dynamics at local, regional, national, and global levels.

Core Objectives (Surviving Level)

- Safeguarding Energy Security

- Adequate

- The ability of the energy system to supply aggregate energy to meet the demand of end-use consumers within the state at all times, excepting planned and unplanned outages for maintenance and repairs.
- Having a sufficient quantity of energy capacity available to meet the needs of a particular system, region, or societal needs under a range of system conditions. Considers the overall capacity to produce or provide energy without causing shortages or disruptions in service.

- Reliable

- A predictable, consistent, and dependable flow of energy to meet demand in real-time from the citizens, systems, and activities that rely upon it. This includes the ability to withstand uncontrolled or unforeseen events such as cascading failures or loss of system components.
- An uninterrupted supply of energy to maintain the functionality of systems and activities that rely on it.

- Affordable

- Energy resources that are reasonably priced to a significant portion of the population without causing financial strain or compromising their basic needs, quality of life, and well-being

- Accessible

- The provision and availability of energy sources to all individuals, irrespective of their socio-economic status, geographical location, or any other barriers, ensures that energy is both affordable and obtainable to meet their basic and developmental needs.

- Community Environmental Resilience

- Increasing the resilience of the public for the protection of life, property, and livelihood against threats from nature.

Enabled Core Objectives (Thriving Level)

- Advancing Modern Life

- Sustainability

- Environmental

- To minimize the negative impact on the environment by analyzing the environmental impact of an energy source, considering factors such as resource extraction, manufacturing, installation, operation, maintenance, waste, and decommissioning. All energy sources have an impact, and the focus is to set appropriate thresholds for minimizing these impacts and striving towards a more environmentally sustainable energy landscape.



- Economic
 - Promoting the state's long-term economic stability, supporting local and rural economies and resources, spurring innovation, driving technological progress, attracting investments, ensuring economic resilience, identifying and decreasing unstable energy imports, and prioritizing energy access and inclusivity
- Utah Competitiveness
 - Enhancing how Utah utilizes its available natural assets, governing rules, and business sectors to boost future sustainability and the state's ability to withstand and recover from energy challenges, ensuring its economic well-being, social harmony, and safety remain intact and robust.
- Energy-Intensive Industries Competitiveness
 - Promoting economic growth, strengthening Utah's position in the global market, ensuring reliable and adequate energy supplies, driving technological advancements, increasing tax revenues, and creating job opportunities to attract both traditional domestic and foreign investments, as well as new, emerging energy-intensive industries.
- Energy Conservation
 - Proactive practices aimed at reducing the consumption of energy or using energy more efficiently, with the objective of preserving resources, minimizing costs, and reducing environmental impact to ensure sustainable energy for future generations.

Decision-Making Principles

- Adopting lifecycle analysis orientation (Evaluate energy resources from cradle to grave.)
 - Utah is resource-rich. We need to examine the entire journey of all energy sources to understand the opportunities and challenges they bring.
 - A comprehensive approach to understanding the full range of environmental, economic, and social impacts associated with all stages of an energy resource, from raw material extraction to end of life.
- Evaluate each energy technology separately, considering its specific utility values and contributions to our energy goals.
 - Examine each energy technology individually, identifying its benefits and obstacles in assisting Utah in achieving its energy goals.
 - Avoid simplifying a group of energy technologies based on a single utility value.
- Defined Primary Objectives (see objectives below)
 - Clearly defined objectives will prevent a lack of focus and direction while empowering measurable outcomes, better planning, increased adaptability, and better communication across constituency groups.
- Energy Value Efficiency (The Thriving Protocol)
 - The qualitative and quantitative process that drives performance in reaching our energy goals.
 - Focusing on all the critical utility values of each respective energy resource in accomplishing Utah energy objectives.



- Policy that is Firm in Principle but Flexible in Application to Capitalize on a Diverse Range of Opportunities
 - Adaptability allows for taking advantage of a wide variety of opportunities that may arise without straying from the policy's core intention.
- Integrate Ongoing Assessment and Revision
 - Continuous evaluation and improvement are necessary as progress and understanding deepen and as new technologies and citizen and industry needs emerge. This allows Utah's strategies to remain relevant and effective.
- Stakeholder Engagement
 - Informed and holistic decision-making requires stakeholder engagement and the multiple perspectives they provide. This process builds trust, manages risks, and ensures that strategies and projects align with the needs and expectations of those affected.
 - Bridging important jurisdictional lines in energy policy and the interdependencies between industry and other critical infrastructures.
- Regulation, Tax Structure, and Incentives that Align with Goals and Objectives
 - Creating a framework of rules, taxes, and incentives that help guide behavior or actions toward achieving Utah's energy objectives.
- Recognize Consumer Demand Requirements and Prioritize Fulfillment
 - Energy delivery should be tailored to meet consumers' needs rather than forcing consumers to adapt to the available supply. Policy should incorporate strategic elements to ensure consumers receive the necessary amount of energy precisely where and when they need it.
 - Real-world examples have proven a low or negative ROI when policymakers overlook or fail to prioritize the specific ways, times, and quantities people consume energy. This results in overbuilding of installed capacity without any additional production of usable energy (i.e., increased infrastructure and resources with the same or less energy production).
 - Increased use of variable energy sources is now directing attention toward managing the inconsistencies of this power rather than addressing the specific needs of consumers.
- Codify Energy Terms
 - To ensure universal understanding and application.



UTAH OFFICE OF
ENERGY DEVELOPMENT



2024 LEGISLATIVE SUMMARY







Legislation Summary

Below is a summary of energy legislation passed in the 2023 Utah Legislative Session. The QR codes link directly to the bills.

HB 374: State Energy Policy Amendments

This bill declares energy as essential to human well-being and quality of life. It prioritizes energy attributes accordingly:

- Adequate
- Reliable
- Dispatchable
- Affordable
- Sustainable
- Secure
- Clean



Additionally, the bill “fosters innovation and development to meet future energy demand and allows for market-based solutions.”



HB48: Utah Energy Act Amendments

This bill protects the state’s interests by expanding the Utah Office of Energy Development’s (OED) responsibilities in three main areas: Developing strategies to advocate for the state's interests in federal energy and environmental programs, overseeing legal strategies to address federal overreach and delays in permitting, and engaging in federal rulemaking and advocacy for regulatory reform. OED will adopt a master plan that utilizes data-driven modeling. It also mandates best practices when developing state energy plans.

HB191: Electrical Energy Amendments

This legislation sets conditions for when the Public Service Commission (PSC) may approve the early retirement of an electrical generation facility and defines terms. It prevents “the closure of an electrical generation facility before reaching a normal operational lifespan when significant upgrades and renovations to prolong the electrical generation facility’s service are still financially reasonable investments” if the shutdown negatively affects reliable and affordable electricity.





SB161: Energy Security Amendments

SB 161 requires project entities to notify the PSC before decommissioning an electricity-generating asset. It also allows the state to put the asset up for sale at a fair market price, with the state having the option to purchase.

SB224: Energy Independence Amendments

This legislation directs the PSC to consider the public interest when evaluating the acquisition of new dispatchable energy resources, sets parameters for cost-recovery when a resource is located within Utah, encourages the PCS to evaluate the sale of energy in interstate markets, and enables large-scale utilities to create a fire fund as supplemental insurance for wildfire payments.



HB241: Clean Energy Amendments

This bill changed the word “renewable” to “clean” in Utah statute and includes nuclear, geothermal, and carbon capture and sequestration under the term clean.

HB410: San Rafael State Energy Lab

HB 410 allowed the state to buy the San Rafael Energy Research Center (which will now be known as the San Rafael Energy Lab). The lab researches innovative energy technologies, including nuclear, carbon capture, solar, wind, and more. The bill also established a board for the lab and moved its management from the county to OED. The board will provide input on the grants, research projects, and work best suited to help the state meet its energy goals.



HB124: Energy Infrastructure Amendments

This bill expands the definitions and qualifications of the High Cost Infrastructure Tax Credit (HCITC). Certain geothermal, hydroelectric, and nuclear power generation systems will now qualify for the HCITC, as do projects as low as \$25 million of the project is located in a rural area.

HB317: Energy Storage Amendments

This legislation requires OED “to conduct a study analyzing Utah’s energy fuels infrastructure and supply chain.” OED will use the study results to determine the feasibility of a transportation, heating, and electricity-generating fuel storage reserve within the state.

