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**MEMORANDUM (REVISED)**

To: Utah Public Service Commission

From: Utah Division of Public Utilities  
Philip Powlick  
Energy Section  
Sam Liu, Utility Analyst II  
Abdinasir Abdulle, Technical Consultant  
Artie Powell, Manager

Date: June 10, 2008

Ref: Docket No. 08-035-T04. Advice Filing 08-04 – Schedule No. 135 – Net Metering Service

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**RECOMMENDATION (approval with recommended changes)**

The Division of Public Utilities (Division) recommends the Public Service Commission (Commission) approve the proposed Tariff changes to Schedule 135, the Net Metering Service with the following language changes:

The language on Sheet No. 135.1, under the Application section, should be changed to read as follows:

On a first-come, first-served basis to any customer that owns or leases a customer-operated renewable generating facility with a capacity of not more than twenty-five (25) kilowatts for a residential facility and two (2) megawatts for non-residential facility that is located on, or adjacent to, the customers' premises, is interconnected and operates in parallel with the Company's existing [~~transmission and~~] distribution facilities, is intended primarily to offset part or all of the customer's own electrical requirements, is controlled by an inverter or [~~for non-residential applications,~~] switchgear capable of enabling safe

and efficient synchronous coupling with Rocky Mountain Power's electrical system. This provision shall be available to new participants until the time that the total rated generating capacity used by the eligible customer-generators equals ~~4,424~~ 4,615 kilowatts.

## **ISSUE**

On May 16, 2008 Rocky Mountain Power (the Company) filed proposed tariff revisions with the Commission for Schedule 135, the Net Metering Service, to make it consistent with the requirements set forth in Utah's recently passed Senate Bill 84 (the Company inadvertently indicated the wrong bill, SB 88, in its filing). The proposed changes to Schedule 135 are expected to increase the maximum allowed capacity for non-residential customers, permit systems that do not require an inverter, increase the total generation capacity, extend the type of qualified renewable generation facilities, and change the calendar year to an annualized billing period (April – March). The company is also filing its residential and commercial interconnection agreements which set forth the interconnection requirements for Net Metering customers. The Company requested an effective date of June 16, 2008.

## **CHANGES FROM PREVIOUS SCHEDULE 135**

On May 16, 2008, the Company filed its proposed changes to Schedule 135. These changes are expected to make the Schedule consistent with the requirements set forth in Utah's recently passed SB 84. The proposed Schedule 135 makes the following changes:

- Increases the maximum allowed capacity for non-residential customers up to 2 Megawatts (MW), from the current cap of 25 kilowatts (kW). The residential generation system cap remains at the current 25 kW limit.
- Permits net metered systems operated by non-residential customers to operate through either an inverter or switchgear.
- Increases the total eligible generation capacity from 3,516 kW (0.1% of peak demand during 2001) to 4,424 kW (0.1% of peak demand during 2007).

- Extends the type of qualified renewable generation facilities for net metering from solar, wind, and hydroelectric to also include hydrogen, organic waste, waste gas and waste heat capture or recovery, some biomass and woody debris or agricultural residues, landfill gas, digester gas, and geothermal.
- Changes the calendar year (January 1 to December 31) to an annualized billing period (April 1 to March 31) at the end of which unused billing credits from net-metered generation expire.

## **DISCUSSION**

The Division examined the proposed changes in Schedule 135 for consistency with SB 84. Section 54-15-102 (3) of SB 84 defines the customer generation system as

(3) “Customer generation system”:

(a) means a customer-owned or customer-leased eligible facility, operated by the customer, that:

(i) has a generating capacity of:

(A) not more than 25 kilowatts for a residential facility; or

(B) not more than 2 megawatts for a non-residential facility, unless the governing authority approves a greater generation capacity;

(ii) is located on, or adjacent to, the premises of the electrical corporation’s customer, subject to the electrical corporation’s service requirements;

(iii) operates in parallel and is interconnected with the electrical corporation’s distribution facilities;

(iv) is intended primarily to offset part or all of the customer’s requirements for electricity; and

(v) is controlled by an inverter or switchgear; and

(b) includes an electric generator and its accompanying equipment package.

The Division concludes that the proposed changes (as presented above) are largely consistent with SB 84. However, the Division notes three inconsistencies:

1. UCA 54-15-102 (3)(a)(iii) requires that the customer-owned or customer-leased eligible facility operated by the customer be interconnected with the electrical cooperation's distribution system. The previously required interconnection with transmission has been removed from the new SB 84 and is no longer required. However, the Company's filing indicates that interconnection with the transmission facilities is available. Therefore, the Division recommends the Company modify the language such that it reads as:

... is interconnected and operates in parallel with the Company's existing  
[~~transmission and~~] distribution facilities ...

2. The Company seems to have interpreted UCA 54-15-102 (3)(a)(v) as applying solely to non-residential systems and thus its proposed revision extends the option of using switchgear (rather than an inverter) solely to non-residential systems. However, the Division reads the statute as distinguishing between residential and non-residential systems only for the purpose of distinguishing different maximum generating capacities. The Division therefore interprets Section 54-15-102 (3)(a)(v) to mean that both residential and non-residential facilities could be controlled by either an inverter or switchgear. The Division recommends the language on the Application section be changed to read

...is intended primarily to offset part or all of the customer's own electrical requirements, is controlled by an inverter or[~~, for non-residential applications,~~] switchgear capable of enabling safe and efficient synchronous coupling with Rocky Mountain Power's electrical system.

3. UCA 54-15-103(2)(a) states that

An Electrical corporation may discontinue making a net metering program available to customers not already participating in the program if:

(a) the cumulative generating capacity of customer generation systems in the program equals at least 0.1% of the electrical corporation's peak demand during 2007; or

(b) the electrical corporation serves fewer than 1,000 customers in the state.

In its filing, the Company state that, "This provision will be available until the time that the total rated generation capacity used by the eligible customer-generators equals 4,424 kilowatts." Presumably, the 4,424 kW represents 0.1% of the Company's 2007 peak demand for Utah. However, in its response to DPU Data Request 1.1 in this docket (received today), the Company states that its 2007 Utah peak was 4,615 MW. Therefore, the correct total customer capacity stated in the tariff should be 4,615 kilowatts (0.1% of the peak cited in the data request response).

Finally, the Division also noted that Section 54-15-103 (2) states that "An Electrical corporation may discontinue making a net metering program available to customers not already participating in the program..." The Division understands this pertains solely to new net-metering participants. However, the Company's filing does not make it explicit whether this provision is applicable to either new or existing participants or both. Therefore, the Division recommends the language under the Application section of the filing be clarified to read as follows:

This provision shall be available to new participants until the time that the total ...

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