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Division of Public Utilities

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DPU COMMENTS

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Date: September 26, 2014

Re: **Docket No. 14-035-116, In the Matter of the Disposition of Remaining Unused Credits Associated with Excess Customer-Generated Electricity Provided Under Utah Code Ann. § 54-15-104(4)**

RECOMMENDATION

The Division recommends that the value of unused credits be applied as a credit against Rocky Mountain Power's (Company) DSM account balance. As an alternative, the value could be credited to the Blue Sky Program. The Division is not opposed to the Commission's applying the value to the Company's low-income assistance program.

ISSUE

On September 4, 2014, the Commission issued a Notice of Comment Period (Notice) inviting interested parties to submit comments regarding the disposition of the unused credits created by customers' excess generation under the Company's net metering program that are relinquished at the end of the annual billing cycle.

DISCUSSION

PacifiCorp's net metering program is administered pursuant to Utah Code Title 54, Chapter 15, "Net Metering of Electricity," and the Company's Electric Service Schedule No. 135 – Net Metering Service ("Schedule 135"). Specifically, Utah Code Ann. § 54-15-104(3)(a)(ii) states,

> All credits that the [net metering] customer does not use during the annualized billing period expire at the end of the annualized billing period.

Additionally, Utah Code Ann. § 54-15-104(4), provides that,

> At the end of an annualized billing period, an electrical corporation's avoided cost value of remaining unused credits described in Subsection (3)(a) shall be granted:
> (a) to the electrical corporation's low-income assistance programs as determined by the commission; or
> (b) for another use as determined by the commission.

Two points from these statutes are relevant for consideration. First, the statute specifies that the unused credits expire at the end of the annualized billing period, which is specified as March in the Company's Schedule 135. Second, the Commission has some discretion as to the disposition of the value of those unused credits.

Intent of Expiring Credits

Some recommend that net metering customers receive the value of their unused credits as compensation for their investment, or as a potential credit against other charges, or simply as a year-end sum.[1] Not only does the statute require forfeiture, but also because the expiration serves a valuable purpose the Division strongly opposes these recommendations.

The language of the statute is clear that the net metering customer forfeits any claim on unused credits at the end of the annualized billing period. To return the value of unused credits to the

[1] See email correspondence submitted in this docket to the Commission: Don Gren, September 11, 2014; John Anderson, September 14, 2014; and Sam Lentz, September 15, 2014.

net metering customer would clearly give that customer a final claim on the unused credits and, thus, contradict the statutory requirement.

Furthermore, the Division notes that the expiration of unused credits provides a strong incentive to potential net metering customers to size their solar systems to produce an amount of electricity "primarily to offset part or all of the customer's requirements for electricity." (Utah Code Ann. 54-15-102(3)(a)(v)) Again, transferring the value of the unused credits to the net metering customer would undermine this incentive. Indeed, rewarding net metering customers for unused credits would incent oversized systems. If the customer's intent is to sell power to the Company, then there are Commission approved avenues (e.g., avoided cost tariffs) the customer can pursue outside of the net metering statute and tariff. Net metering provisions are not intended to establish customers as merchants but to allow the offset of individual customer use with individual customer generation.

Alternative Recommendations

In its Notice the Commission indicates that, "In the absence of alternative recommendations, the Commission intends to direct PacifiCorp to allocate the expiring credits to its low-income assistance program, as mentioned in the statute." The Division notes that the Company provides an avoided cost value for unused credits in its annual net metering report. Currently, the value of unused credits is relatively small. For 2012 and 2013 the value was respectively $6,422 and $10,620.[2] While the value is likely to increase as net metering expands, the current value of unused credits would have a negligible impact on any program.

While the Division is not opposed to applying the unused credits to the Company's low-income assistance program, the Division believes there are alternative uses of the unused credits that have clearer ties to the promotion of energy efficiency and renewable resources.

The Division recommends that the value be applied as a credit against the Company's DSM account balance. The credit would augment the amount already collected through base rates

[2] Values include unused credits from inactive accounts.

(Schedule 193) thus helping promote energy efficiency and would be easily audited for compliance.

Alternatively, as was implied in the email correspondence of Mr. Stephen Bell (September 14, 2014), the value could be applied to the Blue Sky Program to help promote the development of other renewable resources.

CONCLUSION

While the Division does not oppose applying the value of unused net metering credits to the Company's low-income assistance program, the Division believes there are alternative applications that directly promote energy efficiency or development of renewable resources. The Division recommends that the value of the unused credits be applied as a credit to the Company's DSM account balance. Alternatively, the value could be applied or credited to the Blue Sky Program.

CC Dave Taylor, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List