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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: September 26, 2014

Re: 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). Docket No. 14-035-116

Background

On September 4, 2014, the Public Service Commission (Commission) issued a notice of comment period for Docket No. 14-035-116 related to the disposition of remaining unused credits associated with excess customer-generated electricity as provided under Utah Code Ann. § 54-15-104(4). Interested parties were afforded the opportunity to provide recommendations for the disposition of the expiring net metering credits, on or before September 26 and October 3, 2014, for comments and reply comments, respectively.

The Commission states that "In the absence of alternative recommendations, the Commission intends to direct PacifiCorp to allocate the expiring credits to its low-income assistance program…"

Following are recommendations of the Office of Consumer Services (Office).

Discussion

The issue in this docket relates to the fact that certain net-metering customers produce more energy than they consume during the annualized billing period[1]. Currently any excess energy credits simply expire at the end of that billing period.

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[1] The annualized billing period means the period commencing after the regularly scheduled meter reading for the month of March or in the case of new Schedule 135 service the date that the customer first takes service from Schedule 135 and ending on the regularly scheduled meter reading for the month of March. The annualized billing period for net metered customers on Schedule 10 ends with the regularly scheduled meter reading in October.

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The Office asserts that net metering was established to allow customers to offset some or all of their electrical requirements.[2] It was not envisioned to be a source of income for net metering customers. In our August 8, 2014 comments regarding the Company's Customer Owned Generation and Net Metering Report and Attachment A for the Period April 1, 2013 through March 31, 2014, (Report) -Docket No. 14-035-82- the Office noted our concern about a "small, but growing, number of net metering customers with excess generation"[3]. Our concern is that customers be given correct information related to the appropriate size of solar panels for their home and usage pattern thereby enabling them to avoid significant excess generation.

However, the Office understands that a certain level of excess generation is to be expected and the recently enacted legislation specifically addresses the disposition for the excess credits.

Utah Code Ann. § 54-15-104(4) provides as follows:

> 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.

This legislation clearly indicates that the avoided cost value be used in determining the use of remaining unused credits. Thus, the Office asserts that whatever use is considered must be based upon the avoided cost value. The Office supports using the avoided cost value of the unused credits toward the Company's low-income assistance program, as partially contemplated by the legislation.

Recommendation

The Office recommends that the Commission utilize the enabling statute and order that any unused excess generation credits be applied to the Company's low-income assistance programs.

In the alternative, if the Commission is inclined to consider "another use" for excess net metering credits, the Commission should identify options it is considering and take additional input from interested parties on specific alternatives. The Office asserts that

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[2] Utah Code Ann. § 54-15-102(3)(B)(iv) regarding net metering reads: is intended primarily to offset part or all of the customer's requirements for electricity

[3] The Company reports that as of June 6, 2014, there are a total of 2412 net metering facilities and 367 have expired credits at the end of the annualized period. (Fourteen of those customers are listed as inactive accounts with expired credits of 37,360 kWh with a value of $1,501.87.) This amounted to 264,176 kWh of excess generation with a total value of $10,619.88. The number of excess credits range from a low of one (1) to a high of 13,469 kWh.

whatever use the Commission determines for unused net metering credits must be based upon the avoided cost value.

Copies to:

Rocky Mountain Power
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Division of Public Utilities
Chris Parker, Director