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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power's Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities	**DOCKET NO. 14-035-T02** **Utah Clean Energy Exhibit 1.0**

DIRECT TESTIMONY OF SARAH WRIGHT
ON BEHALF OF
UTAH CLEAN ENERGY

September 9, 2014

RESPECTFULLY SUBMITTED,
Utah Clean Energy

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Sophie Hayes
Counsel for Utah Clean Energy

INTRODUCTION

Q: Please state your name and business address.

A: My name is Sarah Wright. My business address is 1014 2nd Ave, Salt Lake City, Utah 84103.

Q: By whom are you employed and in what capacity?

A: I am the Executive Director of Utah Clean Energy, a non-profit public interest organization whose mission is to lead and accelerate the clean energy transformation with vision and expertise. We work to stop energy waste, create clean energy and build a smart energy future.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Utah Clean Energy (UCE).

Q: Please provide your professional experience and qualifications.

A: I am the founder and Executive Director of Utah Clean Energy. Through my work with Utah Clean Energy over the last 13 years, I have been involved in a number of regulatory dockets, including integrated resource planning, rate cases, tariff filings, and other dockets relating to energy efficiency, renewable energy, and net metering. I serve on both Rocky Mountain Power's and Questar Gas Company's Demand Side Management Advisory Committees.

I have over 13 years of energy policy experience working on state, local, and national energy policy, providing expertise and policy support for renewable energy and energy efficiency. I have served on numerous energy policy working groups and taskforces, including the Energy Efficiency and Energy Development Committees supporting Governor Herbert's Energy Task Force and Ten Year Energy Plan; the

Governor's Utah Renewable Energy Zone Task Force; Governor Huntsman's Energy Advisory Council and Blue Ribbon Climate Change Advisory Council; Utah's Legislative Energy Policy Workgroup; and Salt Lake City's Climate Action Task Force. I also served on the State of Utah, Division of Air Quality PM2.5 State Implementation Plan workgroup.

Currently, I serve on two committees for Governor Herbert's Your Utah Your Future Project (the Utah Clean Air Action Team and the Energy and Emergency Preparedness Committee). Additionally, I serve on Mayor Becker's local Climate Committee that supports his membership on the White House Task Force on Climate Preparedness and Resilience. I serve on the Board of Directors for Interwest Energy Alliance and the Interstate Renewable Energy Council Regulatory Advisory Board for the US Department of Energy Sunshot Initiative.

For 15 years prior to founding Utah Clean Energy, I was an occupational health and environmental consultant, working on occupational health and ambient air quality issues for a wide variety of commercial, industrial, and governmental clients across the west. I have a BS in Geology from Bradley University in Peoria, Illinois and a Master of Science in Public Health from the University of Utah in Salt Lake City.

Q: Have you testified previously before this Commission?

A: Yes. I have testified on behalf of Utah Clean Energy in Docket Nos. 05-057-T01 (Questar Gas Company's conservation enabling tariff), 09-035-15 (Rocky Mountain Power's energy balancing account), 10-035-124, 11-035-200 and 13-035-184 (residential rate design), 13-035-184 (revenue requirement) and 12-035-100 and 14-035-T04 (avoided costs for renewable energy qualifying facilities)**.**

OVERVIEW AND CONCLUSIONS

Q: What is Utah Clean Energy's interest in this docket?

A: Utah Clean Energy strives to create a more efficient, cleaner and smarter energy future. We envision and enable increased utilization of risk mitigating energy efficiency, distributed generation, and utility-scale renewable energy. Our long-range vision of the smart energy future includes a more modern, agile, diversified and secure energy system that can readily take advantage of new capabilities for saving energy and expand the use of renewable energy, distributed generation, demand response, energy storage, electric vehicles and the use of information and control technologies.

Utah Clean Energy participated in the creation of Senate Bill 12 (2013, hereinafter "SB 12")—the bill whose passage enacted Utah Code Ann. § 54-17-801, et seq. ("Renewable Energy Contracts"). Rocky Mountain Power ("the Company" or "RMP") has proposed Electric Service Schedule 32 ("Schedule 32") to implement the provisions of this statute. Utah Clean Energy is participating in the review of the Company's proposal and this docket to help ensure that implementation of SB 12 is workable both for "Renewable Energy Facilities" developers and renewable energy "Contract Customers."[1]

Utah Clean Energy believes that the purpose of SB 12 is to satisfy growing customer interest in meeting more of their electricity requirements with renewable energy by enabling and facilitating development of and contracts with renewable energy facilities, while ensuring that contract customers pay the reasonably identifiable

[1] *See* Utah Code Ann. § 54-17-801 (Definitions). The "SB 12" statute defines both "renewable energy facility" and "contract customer", and it is to these definitions that I make reference here.

incremental costs associated with such transactions. It is Utah Clean Energy's position that implementation of SB 12 must be fair and simple enough for interested customers to take advantage of it. In my opinion, the company's method is far too complex and expensive. Utah Clean Energy offers this testimony to encourage exploration of a simpler method that achieves the goals of the legislation. I anticipate that there are other means of fairly and simply implementing SB 12 and that other parties will propose satisfactory alternatives in this docket.

Q: What is the purpose of your testimony in this phase of the Docket?

A: I respond to the Company's proposed Electric Service Schedule 32 in fairly general terms. It is my understanding that parties to this docket will present specific recommendations in response to the Company's proposal, which I may respond to in my rebuttal testimony.

Q: Please summarize your conclusions and recommendations.

A: I make the following conclusions and recommendations:

- I conclude that RMP's proposed schedule is overly complex and creates charges that are artificially high. As an alternative to RMP's three new power charges, I recommend using the capacity value of contracted MWs as an offset to existing demand charges, instead of the offset of nominal contracted MWs (adjusted for losses).
- I conclude that the Company's proposed "Administrative Fee" is unjustifiable and unworkable for contract customers, particularly those who must aggregate their meters to meet the two megawatt (MW) size threshold required by the law.

- To the extent that parties to this docket are unable to consolidate their recommendations into a more unified proposal, I recommend further study and collaboration on this matter, with the objective of presenting a consensus (or near consensus) recommendation to the Commission.

RESPONSE TO THE COMPANY'S PROPOSED SCHEDULE 32

Q: Please summarize your understanding of the proposed tariff components.

A: The Company's proposal consists of adjustments to existing charges and the introduction of new charges. Broadly speaking, charges can be divided into three categories: energy, power, and other. Energy charges are based on kilowatt-hour billing units, and power charges apply to kilowatts. The "other" category includes fixed monthly charges. Under the Company's proposal, energy charges for energy not supplied by a renewable energy facility are carried over from the customer's applicable general service schedule. Additionally, the Company has proposed three new power charges associated with contracted power: Delivery Facilities charges, Generation Backup charges, and Daily Backup Power charges. The Company has also increased the customer fee and proposed an administrative fee for Schedule 32 agreements.

Energy charges

Q: How are energy charges affected under the company's proposal?

A: Energy charges under the proposed Schedule 32 consist of on-peak and off-peak Supplementary Energy, in addition to contracted Renewable Energy charges. Supplementary Energy is defined in the tariff as "all Measured Energy not supplied by

the Renewable Energy Facility."[2] The company proposes to retain existing applicable general service schedule rates to apply to these charges; however, the billing units are computed based on the *net of demand and contracted energy in each hour*.

Q: What do you mean by the "the net of demand and contracted energy?"

A: Absent contracted renewable electricity, the contract customer is charged based on its on-peak and off-peak energy consumption for each hour. Under the company's proposal, billing units are reduced by the amount of contracted energy actually generated in each hour (that is, billing units are based on all Measured Energy not supplied by the Renewable Energy Facility).

Q: Does this mean that the contract customer is credited directly for generated energy at the existing tariff rate?

A: Yes.

Power charges

Q: Do the proposed power charges work in the same way—that is, does the capacity value of contracted power directly offset power charges?

A: Unfortunately no. The Company's proposed power charges are a more complex construction. For *existing* charges (Supplemental Facilities and Supplemental Power charges carried over to Schedule 32 from the contract customer's applicable general service schedule), the Company first nets the customer's demand with the *nominal* MW

[2] *Proposed Schedule 32, Original Sheet No. 32.6* (Supplementary Power and all Energy). In *The SB 12 Billing Example from August 12, 2014 Technical Conference* spreadsheet, Supplementary Energy, as defined in the tariff, appears to be called "Supplemental & Backup [On and Off Peak] kWh." *The SB 12 Billing Example from August 12, 2014 Technical Conference* spreadsheet is available on the Commission's website: http://psc.utah.gov/utilities/electric/elecindx/2014/14035T02indx.html.

capacity contracted for, less losses. Significantly, this calculation implicitly assumes that the entire MW capacity of contracted power is available in all hours to offset peak demand.

Q: Given that no resource is available in every hour, is this an accurate reflection of the capacity value of the contracted power?

A: No, the Company's proposal assumes that contracted power is available 100 % of the time at full capacity, which it is not. The Company accounts for this assumption by introducing three *new* power charges (Delivery Facilities, Generation Backup Facilities, and Daily Backup Power charges) to recover the costs that they propose are associated with ensuring reliability of contracted power. In other words, the Company assumes full availability of contracted power and then adjusts for this counterfactual assumption by imposing Delivery Facilities, Generation Backup Facilities, and Daily Backup Power charges. This calculation is unnecessarily complicated and likely overstates actual costs. If back-up charges are deemed necessary, they should be based on the collective cost of maintaining power system reliability, not calculated on an individual resource basis.

Q: Is there a simpler way to impose rates that recognize the capacity value of the power and leave other customers whole?

A: Yes. The Company's proposal for energy charges under Schedule 32 is a good template for how power charges can be handled.

Q: How does the energy charge approach provide a template for dealing with power charges?

A: A simpler way of handling the power charges is to eliminate the three proposed new power charges (Delivery Facilities, Generation Backup Facilities and Daily Backup

Power Charges) and, instead, change the way in which the netting is calculated for already existing Supplemental Facilities and Power Charges[3] (as carried over to Schedule 32 from the applicable general service schedule).

Q: How do you propose to change the netting for the existing Supplemental Facilities and Power Charges?

A: Instead of crediting the contract customer for the maximum MW delivery rate of contracted power (less losses), as the company proposes, I propose using a smaller offset/credit to *existing charges* based on the *capacity value* of the contracted power. In other words, eliminate the proposed Delivery Facilities, Generation Backup Facilities and Daily Backup Power Charges in favor of an offset to the Supplemental Facilities and Supplemental Power charges that is based on the *capacity value* of the contracted power. This method does not rely on an assumption of maximum availability of contracted power and is much simpler.

Q: How should the capacity value be computed for the purpose of this tariff?

A: The Commission addressed capacity valuation methods in Docket No. 12-035-100, which determination is relevant here.

Administrative fees

Q: Do RMP's proposed customer charges and administrative fee seem reasonable to you?

[3] "Supplemental Facilities Charges" and "Supplemental Power Charges" are the terms used in the *SB 12 Billing Example from August 12, 2014 Technical Conference* spreadsheet for charges that carried over from the applicable general service schedule to Schedule 32. *The SB 12 Billing Example from August 12, 2014 Technical Conference* spreadsheet is available on the Commission's website: http://psc.utah.gov/utilities/electric/elecindx/2014/14035T02indx.html.

A: No, RMP's proposed monthly customer charges for Schedule 32 are approximately 60 percent higher than the Schedule 8 and Schedule 9 customer charges.[4] On top of the significantly higher customer charge, RMP is proposing an administrative fee of $450 per month.

These two charges are extremely high, especially for customers that are aggregating load to meet the 2.0 MW minimum size requirement. For instance, if a customer aggregates five meters, they are paying $27,000 per year in administrative fees alone. With existing technology including digital spreadsheets and data imports, it is difficult to believe that it will take six hours for billing each agreement each month, as the Company suggests. Although I acknowledge that it will take some time to create a system and data import method that works with RMP's billing system, given that the tariff includes a higher customer charge, there does not seem to be a cost-basis for this additional administrative fee.

Q: Does that conclude your testimony?

A: Yes.

[4] This information was calculated from *The SB 12 Billing Example from August 12, 2014 Technical Conference*, available here: http://psc.utah.gov/utilities/electric/elecindx/2014/14035T02indx.html.