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DEPARTMENT OF COMMERCE

Office of Consumer Services

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To: Utah Public Service Commission

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

Date: August 12, 2015

Subject: In the Matter of the Application of Rocky Mountain Power for Approval of its Subscriber Solar Program (Schedule 73). Docket No. 15-035-61

Introduction and Background

On June 16, 2015, Rocky Mountain Power (Company) filed with the Public Service Commission of Utah (Commission) an Application for Approval of its Subscriber Solar Program (Application). Subsequent to a June 26, 2015, scheduling conference the Commission issued a Scheduling Order and Notice of Hearing establishing the schedule for the case. All parties were to file comments on August 5, 2015, followed by response comments and reply comments on August 27 and September 15, 2015, respectively. September 21, 2015 was set as the hearing date on the Application.

Parties to the docket met on July 23 and 31, 2015, to discuss details of the Subscriber Solar Program (Program) and to determine if an agreement could be reached to support the Application. At the July 31 meeting parties agreed that it would be beneficial to allow additional time for consideration of Program modifications prior to filing comments on the Application. It was agreed that the Company would request an additional week for the deadline for parties to file initial comments. The Company requested a one week delay to August 12, 2015 and on August 4, 2015, the Commission granted the request.

Discussion

In its Application the Company explains that the request for this Program is in response to market research and customer inquiries demonstrating the desire to receive at least a portion of their energy needs through renewable resources. Through this Application the Company proposes to create a pilot subscription solar program to respond to customer interest in that regard.

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Based upon our initial review of the Application and testimony the Office is generally supportive of the Program but some aspects of the Program need additional information and evaluation.

The Office believes that currently there is not enough evidence on the record for approval of the Program but we are hopeful the record can be more fully and adequately developed while still maintaining the timetable previously established in this docket.

Necessary Program Modifications and Clarifications

As described below there are certain aspects of the Program that based on our initial review the Office believes require modification or additional clarifying information.

- **Unsubscribed Capacity:** In its initial subscription offering the Company proposes to allocate a specific percentage of the available capacity to each of three categories of customers: Residential (Schedules 1, 2, 3); Small non-residential (Schedule 23); Large non-residential (Schedules 6, 6A, 6B, 8, 9, 9A). 180 days from the date of Program approval, and at periodic intervals thereafter, the Company will assess whether available unsubscribed capacity should be shifted between classes to meet customer interest.

The Office maintains that the Company should provide more specificity regarding allocating unsubscribed capacity between customer categories rather than expressing its intent to assess a reallocation of capacity 180 days after Program approval. Because all ratepayers are potentially at risk for costs associated with any unsubscribed capacity in the Program the Office supports reallocating unsubscribed capacity beginning at six months following the initial offering.

- **Term of Subscription Contracts:** The Company proposes to offer Subscriber Solar Energy Block purchases that can be locked in for two, five, seven or ten year terms.

The Office believes that terms of two, five, ten or twenty years would be appropriate offerings. Also, the Office asserts that the tariff should be clarified such that term lengths are capped at the remaining life of the asset.

- **Subscription size limitation:** Residential and small non-residential (Schedule 23) customers can subscribe to as many blocks as they want, but their subscription cannot exceed 100 percent of their usage for the prior 12 months (on a kWh basis). Solar Energy Blocks are expected to be approximately 200 kWh per one kW block of capacity which may exceed some customers' annual usage.

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The Office asserts that any customer should be able to purchase a minimum of one block even low-energy users whose prior 12 month usage was below 200 kWh.

- **Solar Resource Selection:** The Company states that specifics of the Project, such as size, cost and length of a potential power purchase agreement or lease arrangement, etc. will not be known until the RFP responses are reviewed and evaluated. At that time the size of the Project or other terms in the Application may be modified, including but not limited to the Solar Energy Block Size (currently planned to be 200 kWh as noted above).

The Office asserts that the Program cannot be approved as in the public interest until more details are locked down and parties to the docket have an opportunity to evaluate the Company's final decisions regarding the Project. The information contained in the Company's supplemental filing update scheduled to be provided on August 27, 2015, will be crucial to this evaluation. The Office expects to have additional comments following that update filing.

- **Program Administration Costs:** Program Administration costs are to be included in the Solar Block Generation Charge and consist of administration, marketing and billing costs.

The Office recognizes that these are necessary elements of the Program but believe the costs as submitted are too high and should be re-evaluated by the Company for any potential savings or over-estimates.

- **Impact to Non-Participating Customers:** The Company explains that if the Program is not 100 percent subscribed, solar resource costs will be situs assigned to Utah and the solar resource benefits will be assigned to Utah. If the Program is less than 100 percent subscribed, the Company proposes that costs associated with the unsubscribed portion of the Program will be assigned to all Utah customers.

The Office asserts that if the Program is approved a Company request for recovery of any costs that exceed those approved for the Program must be supported with evidence and be subject to a prudence review and Commission approval.

Additional Comments

The Office is reviewing the Company's proposed Program implementation as it relates to Schedule 23 participants and expects to submit additional comments on August 27, 2015.

Because we will not receive the Company's supplemental filing until August 27, 2015, the Office may be unable to make a final recommendation until reply comments on

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September 15, 2015. It is our intent to continue to work with the Company and other parties to try to resolve the issues described previously in this memo as well as any other issues that may arise from the Company's supplemental filing in a timely manner. However, in order to achieve an outcome that is in the public interest it may be necessary to request an extension later in the process.