



August 12, 2015

VIA EMAIL AND HAND DELIVERY

UTAH PUBLIC SERVICE COMMISSION
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

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

Introduction and Background

On June 16, 2015, Rocky Mountain Power (Company) filed an application for approval of its Subscriber Solar Program (Program). The Public Service Commission (Commission) held a technical conference on July 10 at which the Company presented additional details about the structure of its proposed Program. Thereafter, parties to the docket met on July 23 and 31, 2015, to discuss details of the Program and to determine if agreement could be reached to support the proposed Program. Utah Clean Energy participated in each of the July 10, 23 and 31 meetings.

At the July 31 meeting, parties agreed that it would be beneficial to allow additional time for discussions and consideration of Program modifications prior to filing comments on the Application, and agreed that the Company would request an additional week for parties to file initial comments. The Company requested a one week delay for filing initial comments and on August 4, 2015, the Commission granted the request. Utah Clean Energy hereby submits its initial comments on the Company's proposed Program.

Comments

These comments respond generally to the Company's proposed Program's overall structure, rather than specific details. It is Utah Clean Energy's understanding and anticipation that additional discussions among parties will continue toward reaching agreement on specific program components and design details. Utah Clean Energy is generally supportive of the

Program concept and is actively working with the Company and parties to ensure that Program components are reasonable and fair.

Utah Clean Energy supports customer choice and providing customers who wish to do so with the opportunity to make investments in renewable energy. Renewable energy is a hedge against fuel price fluctuation and future uncertainties, and this Program offers customers the opportunity to “opt in” and lock in stable energy prices through long-term contracts. As such, Utah Clean Energy generally supports this Program in concept, although we have some concerns about the proposed implementation.

Utah Clean Energy is concerned that the administration, marketing and billing costs, or *Program Costs*, are unreasonably and unnecessarily high. The Program Costs are included in the *Solar Block Generation Charge* along with the Company’s embedded cost of energy (calculated at 6.2 cents/kWh¹). As noted by Paul Clements in his testimony, the appeal of this program to customers grows to the extent that the cost of participating in the program is reduced.² A market research study conducted by the company determined that “interest in solar is high among all residential customer groups surveyed,” and additionally nearly 40,000 Utah Customers have voluntarily signed up for the Blue Sky Program. Given that this Program will allow customers not only the opportunity to participate in the development of renewable resources (as does Blue Sky), but the opportunity to receive bill credits for doing so, this Program is likely to be more popular than the Blue Sky program. Marketing costs must be considered through this lens: demand for this program is likely to be high, especially if the cost of participating is kept relatively low, by ensuring that marketing and administration costs are controlled to a reasonable level.

According to the Company’s response to UCE Data Request 1.2, the Company has adjustments to these Program Costs, which it will outline in its supplemental filing later this month.

The *Solar Block Delivery Charge* is based on the Company’s calculation of delivery-related costs and customer services costs contained in a Program participant’s applicable electric service rate schedule.

¹ Company Response to UCE Data Request 1.3; *See also* Company Response to UCE Data Request 1.10.

² *See* Direct Testimony of Paul H. Clements, lines 153-64.

The Solar Block Delivery Charge covers delivery-related costs for transmission, distribution, and customer services. It will be based on the costs for these elements included in the energy rates for the customer's applicable service rate schedule. The Solar Block Delivery Charge will be subject to changes in these cost elements, and such changes will be consistent with approved changes in the customer's energy rate in their applicable service rate schedule. When changes occur to the applicable rate schedules, the Solar Block Delivery Charge will be changed as well, and the Company will submit a revised Schedule 73.³

Both now and if rate structures change in the future, it is necessary to evaluate Schedule 73 rates to ensure that Program participants retain the benefit of their investment in stable, fuel-free renewable energy and are not being double charged on Schedule 73 for services they are already paying for on their otherwise applicable electric service schedules.

Utah Clean Energy agrees with the Company that this Program's design should not set a precedent for any other proceeding or program.⁴ Further, Utah Clean Energy recommends that, if approved, the Schedule 73 tariff should not be used as a model, basis, justification or support for any other rate structure or program. Schedule 73 is a voluntary rate schedule and, as currently proposed, a pilot program. As such, Utah Clean Energy has not conducted an investigation into the Company's cost of service data or assumptions.

Finally, with regard to the Company's plan to attribute a uniform level of production from the solar resource per subscription, in response to a data request the Company stated its willingness to change the size of the levelized block if production varies materially from the levelized block amount.⁵ Utah Clean Energy recommends that the levelized block concept should be both simple and understandable to customers, and that customers should be able to commit to long-term contracts through this program with certainty about what they will be getting. Depending on the resource that is ultimately selected by the Company, the size of the levelized block and the process for revising it may warrant further consideration.

³ Company Response to UCE Data Request 1.9.

⁴ Direct Testimony of Paul H. Clements, lines 78-79.

⁵ Company Response to UCE Data Request 1.6.

Conclusion

There is insufficient information on the record for UCE to support the Company's proposed Program at this time. Because we will not receive the Company's supplemental filing until August 27, 2015, UCE may be unable to make a final recommendation until reply comments on September 15, 2015 and may need to raise additional and new issues in subsequent rounds of comments. It is our intent to continue to work with the Company and other parties to agree on a fully developed and workable Program.

Sincerely,



Sophie Hayes
Staff Attorney

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by email this 12th day of August 2015 on the following:

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