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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: July 15, 2016

Re: In the Matter of Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) 2016 Annual Report - Docket No. 16-035-21.

Background

On June 1, 2016 Rocky Mountain Power (Company) filed its Solar Photovoltaic Incentive Program (Schedule 107 or Program) Annual Report (2016 Report) which presents program results through May 20, 2015. On June 2, 2016 the Public Service Commission (Commission) issued a notice of filing and comment period inviting interested parties to submit comments on PacifiCorp's report on or before Friday, July 1, 2016, and reply comments on or before Friday, July 15, 2016.

On June 29, 2016, the Office of Consumer Services (Office) submitted initial comments and recommended that the Commission acknowledge the 2016 Report as meeting the Commission's reporting requirements. The Office also recommended that in future reports the Company include a brief discussion related to the Company's share of Renewable Energy Credits (RECs) from Solar Incentive Program Projects as well as any disposition of and revenue received from those RECs.

Discussion

Issues Identified in the Office's Initial Comments

The Office identified two issues for which data requests had been submitted to obtain additional information; 1) Generation Data for Large Systems, and 2) Cool Keeper Program Participation.

Generation Data for Large Systems

The Office noted that Attachment B to the 2016 Report provides large non-residential production data and previously the Company had indicated that there were problems with production meters on two large non-residential projects.

The Office pursued this issue with data request OCS 2.5. Following is the question and the Company's response.

OCS Data Request 2.5

In a prior Report the Company stated that there were problems with the production meters on two large non-residential projects. Have those problems been resolved? Has the Company encountered problems with any other production meters?

Response to OCS Data Request 2.5

Production meters have been installed at the projects mentioned in previous reports. We do still run into challenges siting and installing the required production meters. In cases where there are challenges, we make the first payment of the five provided by the program after installation. We then wait until the production meter is installed and we have gathered 12 months of production data before we make the second payment to the customer.

The Office appreciates the Company's response but asserts it generates additional questions. Questions such as why are there challenges siting and installing required production meters? How widespread is the problem? How long is the delay in getting production meters installed? Does this have any impact on the scheduled ending date for final payments under this Program?

Although not required by Commission order the Office believes that this information should have been provided in the 2016 Report and recommends that future reports contain a full discussion related to the issue of production meters.

The Office also noted that there were discrepancies, which the Office viewed as minor, between the 2015 Report and the 2016 Report for the information provided in Attachment B. The Company's response to OCS Data Request 4.1 confirmed to our satisfaction that the differences were minor and did not impact our recommendation for Commission approval of the 2016 Report.

Tariff Requirement for Cool Keeper Program Participation

The Schedule 107 Tariff requires that participants on Residential Service Schedules 1, 2, 3, and 25, and Non-Residential Service Schedules 6, 6A, 6B, 8, 9, and 23 that are eligible to participate in the Company's Cool Keeper Program are required to participate in that program in order to be eligible to receive an incentive under this Schedule (107).

In comments regarding the 2015 Report the Office stated, “The Office inquired if the solar incentive recipients that are eligible to participate in the Cool Keeper program are in fact being required to participate prior to receiving a solar incentive. It seems to be a somewhat self policing action as the application for the solar incentive asks the customer if they are eligible to participate in Cool Keeper.” The Company indicated it was researching the issue to determine if the requirement is being met or if additional steps need to be taken to ensure participation where appropriate.

Regarding the 2016 Report the Office again pursued this issue through data requests (OCS 1.2 and OCS 3.1). Based on those responses it is clear that not all eligible customers receiving solar incentive funds are participating in the Cool Keeper Program. The following table incorporates information obtain in the above referenced responses.

COOL KEEPER DATA

Program Year	Program Sector	Potentially Eligible	Not Eligible	Enrolled in Cool Keeper	Requested & Received Removal from Cool Keeper
2013	Large Non-Residential	3	4		
	Residential	98	32	5	2
	Small Non-Residential	85	13		1
2014	Large Non-Residential	7	3		
	Residential	107	33	7	3
	Small Non-Residential	70	18	1	
2015	Large Non-Residential	4	3		
	Residential	103	29	10	7
	Small Non-Residential	116	39		2
2016	Residential	9	0	3	3
Total all Years		602	174	26	18

Looking only at the residential customers who received solar incentive payments during Program years 2013 to 2016 (to date) the Company indicates that a total of 317 were potentially eligible to participate in the Cool Keeper Program whereas only 25 were actually enrolled. During that same time period 18 requested to be removed from Cool Keeper.

The Company did not explain what “potentially eligible” means, however even if 100% of the potentially eligible customers are not actually eligible to participate in Cool Keeper it is

fair to assume, without counter information from the Company, that a large portion of the potentially eligible customers should have been enrolled in the Cool Keeper Program in keeping with the tariff requirements for the Solar Incentive Program. In contrast, it appears that less than five percent of potentially eligible customers are actually following this requirement of the tariff.

Concluding Comments

The Office concludes that the 2016 Report meets the Commission's requirements and should be acknowledged. The Office believes that the additional information we recommend be included in future reports will provide a more complete picture of what is occurring in the Solar Incentive Program.

The Office remains concerned about the problems with production meters described above. It is not clear that the Company's unilateral decision to make the first payment and require the meters for subsequent payments is strictly compliant with the tariff.¹ Since these payments continue beyond the legislatively mandated year-end termination of the program, the Company must be required to closely manage this aspect of the program throughout the time period that any payments could continue to be made.

The Office asserts that it is clear the Company has not followed the terms or its tariff in regard to the requirement that eligible customers receiving incentives through this Program are to be enrolled in the Cool Keeper Program. Since the Office raised these issues in last year's report, the Company had ample opportunity to review its practices and make necessary changes to be completely compliant with the tariff. Instead, the Company continued mismanaging this Program by not enforcing all of the requirements of the tariff. The Office asserts that the Commission must find that the Company has not managed this Program prudently. The Office acknowledges that it was unable to definitively make this recommendation until reply comments which does not allow other parties to respond to this recommendation. Thus, the Office recommends that the Commission extend the evaluation of this program in one of two ways:

- Open a new docket to investigate the full extent to which the Company has acted imprudently by not enforcing the terms of this tariff, as well as the appropriate remedies for such imprudent actions; or
- Schedule an additional round of comments in this docket to address the issues of imprudence and appropriate remedies.

Recommendations

¹ Original Sheet No. 107.5 describes the payment process for Large Non-Residential projects: "the incentive will be paid in five installments. The first installment will be paid within 60 days of the receipt of an approved incentive claim form submitted after the project is interconnected. The four remaining installments will be paid annually within 60 days of the interconnection anniversary date." The tariff further describes the interest computation for the balance of the unpaid portion of the incentive.

The Office maintains its initial recommendation that the Commission acknowledge the Company's 2016 Report as meeting the Commission's reporting requirements. However, recently obtained DR responses have made it clear that the Company is not operating the program according to the terms of the tariff and should be found to have been imprudent in its actions. Thus, the Office recommends that the Commission either open a new docket to investigate the extent of the Company's imprudent management and appropriate remedies or schedule additional rounds of comment in this docket to address those topics.

The Office further recommends that the Commission require the following information in future reports:

- 1) A brief discussion related to the Company's share of RECs from Solar Incentive Program projects;
- 2) A discussion related production meters; and
- 3) Information regarding required participation in the Cool Keeper Program

CC: Chris Parker, Division of Public Utilities
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