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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 Service  
Michele Beck, Director  
Cheryl Murray, Utility Analyst

Date: May 21, 2019

Subject: Rocky Mountain Power's Proposed Changes to Schedule 73, Subscriber Solar Program Rider Optional. Docket No. 19-035-T08

### Background

On May 9, 2019, Rocky Mountain Power (Company) filed with the Utah Public Service Commission (Commission) a proposal (Application) to make changes to Schedule 73, Subscriber Solar Program Rider Optional (Program).

On May 10, 2019, the Commission issued a Notice of Filing and Comment Period providing interested parties the opportunity to submit comments on or before Thursday, May 23, 2019 and reply comments no later than Thursday, May 30, 2019. Pursuant to the Commission's order, the Office provides the following comments.

### Discussion

In its Application, the Company proposes to make two changes to Schedule 73:

- 1) Remove Schedules 2, 8, 9, and 9A from the classes eligible to participate in the Subscriber Solar Option; and
- 2) Add a subscriber solar energy full coverage option (Full Coverage Option).

The Office had several concerns with the Application; especially considering the Application's lack of information that we believe is necessary to understand the Company's request and determine if we could support it. In order to gain a better understanding we issued a number of data requests<sup>1</sup>. We appreciate the Company expediting their responses to those requests.

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<sup>1</sup> Responses to all data requests referenced in this memo are provided as an attachment.

Following are some of our concerns and where available the Company's response to the issue.

### *Eligible Customer Classes*

The Company states that customers in Schedules 2, 8, 9 and 9A are not participating and due to lack of interest in subscribing to the Program, proposes that those schedules be removed from eligibility to participate. The Company asserts, "[M]aintaining the billing accommodation needed for these rate schedules is a needless financial burden on the Program". The Company may look for ways to offer those schedules more attractive billing options if the Program is expanded in the future.

The Program was designed to offer opportunities for most customer classes to participate. The Company does not identify the amount of the "financial burden" attributable to leaving participation open to Schedules 2, 8, 9 and 9A or why the burden exists.

The Office asked the Company to provide the monthly cost per schedule to maintain the billing accommodation needed for rate Schedules 2, 8, 9 and 9A. The response identified the cost of billing a customer on those schedules if they were a subscriber.<sup>2</sup> As the response did not directly answer the question a follow-up data request, OCS Data Request 4.1, was issued to which the Company responded:

"Correct, there are no current financial burdens on the program for serving customers under Rate Schedules 2, 8, 9 and 9a, since these customers have not expressed interest in participating. Removing these schedules from the scope of the tariff would enable the program to avoid any potential future costs of manual billing that would be required for these customers."

At the time the tariff was developed, it was known that those schedules would require manual billing and that fact was considered when setting the rates. The Office asserts that it is inappropriate, and based on current lack of participation unnecessary, to remove those schedules as this time. Customers on those schedules should remain eligible to participate.

### *Subscriber Solar Energy Full Coverage Option*

In the Application, the Company explains that currently customers subscribe to 200 kWh blocks of solar, limited to their annual average usage based on their previous 12-month usage history. In circumstances where a customers' electricity usage is reduced from the prior year they may have oversubscribed to blocks of solar in which case their subscriptions are reduced to match their new usage. Thus, subscription blocks become available for customers on the Company's waitlist. The Company asserts that, in many cases customers have expressed interest in subscribing "to the maximum amount their

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<sup>2</sup> Company response to OCS Date Request 2.1.

May 21, 2019

usage allows”.<sup>3</sup> Conversely, some customers request to be added to the waitlist to purchase additional blocks when their usage increases. Customer responses to a 2019 customer survey indicated that 70 percent of customers favor a full coverage type offer. The Company provides no details in the Application regarding the survey so we do not know how many customers participated or to what extent the survey results are statistically sound. However, the annual subscriber solar report<sup>4</sup> indicated that more than 700 responses were received to a 2019 customer survey, which is presumably the survey referenced in this Application.

Modifications to the Company’s billing system will be necessary in order to accommodate the proposed full coverage option. The Company indicates that the cost of the billing system update will be covered by reallocating a portion of unspent Management/Administration funds that were not required in the first three years of the Program.

#### *Office Concerns with the Full Coverage Option*

The lack of detail in the Application referenced above was particularly significant with respect to explanation of the full coverage option. Following are some of the Office’s concerns together with Company responses to relevant discovery requests where available.

1) The Company offers no explanation as to how the Full Coverage Option would work. Would subscriptions still include the 200 kWh blocks of solar for these subscribers or would it be purchases of single kWhs totaling to the participants actual usage? Would subscribers maintain their current 200 kWh blocks and any incremental amount be a per kWh purchase?

The Company responded to OCS Data Request 3.3 as follows:

“Correct, ‘variable’ block’ refers to their total monthly usage being subscribed through the existing, applicable Subscriber Solar rate. The 200 kilowatt-hour (kWh) block limitation would not apply to customers that are subscribed to the Full Coverage Option.”

The Office remains concerned about the lack of detail regarding the operation of a potential full coverage option.

2) Based on the Application it is also unclear how subscriptions for this new category would work. Are current subscribers given the first opportunity to increase their subscription amounts or are waitlist customers allowed an opportunity to subscribe prior to allowing current subscribers to increase their subscription?

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<sup>3</sup> Application pages 1 – 2.

<sup>4</sup> Docket No. 19-035-15.

May 21, 2019

In order to answer that question the Office issued OCS Data Request 3.2, to which the Company responded:

“All customer requests are handled in the order they are received. If a customer wishes to switch from block subscription to the full coverage option, they will be added to the waitlist and their request will be honored in the order received.”

The Office asserts that if a Full Coverage Option were approved, requiring that existing participants wanting to switch from block subscription to the Full Coverage Option be added to the waitlist and “honored in the order received”, would be appropriate.

3) How will the Company know when the resource is fully subscribed if the monthly amount of subscriptions can vary?

Company response to OCS Data Request 2.2:

“The assigned program manager monitors the plant generation and subscription rates through a monthly performance dashboard report to ensure the program is not over-subscribed. The proposed change only includes residential and small commercial rate schedules since usage under these schedules is predictable.”

The Office believes that at least on a month-to-month basis the solar resource may generate less than the subscribed amount. Although the potential for Program over subscription may be low, it is another reason the Commission should deny the Application, unless the Company demonstrates the need for the Full Coverage Option and a more specific operational plan to mitigate the over-subscription risk.

4) Although the Company does not propose to remove Schedules 6 and 6A from the Subscriber Solar Program, the Full Coverage Option would not be open to customers on those Schedules. The Application contains no explanation as to why those schedules should not be allowed to participate but the Company’s response to data request OCS 2.3 reads:

“The program is only offering the 100 percent option to residential and small commercial rate schedules since usage under these schedules is much more predictable and there is very low risk of over-subscribing the program.”

The Office agrees that including Schedules 6 and 6A in a Full Coverage Option could lead to greater potential for over-subscribing the Program. However, fairness concern is an additional reason that we oppose the proposed tariff revisions.

5) The Office is also uncertain as to what impact, if any, the proposed Full Coverage Option change would have on the energy balancing account. In responding to DPU Data

May 21, 2019

Request 2.4 the Company states in part: "The energy balancing account (EBA) is only impacted for any unsold generation each year, as discussed in Docket No. 15-035-61.

## **Final Comments**

The Office appreciates that the Company responded quickly to data requests that we issued in this docket. However, the Office asserts that the Company should provide complete information when it makes its filings. In view of the short timeframe associated with tariff filings, having a well-supported proposal is particularly important. Parties should not be required to seek basic information in order to determine if a Company request is in the public interest.

The Office maintains that the proposed additional category for subscription is unnecessary and perhaps unfair to other customers. The Company has indicated that the Program is fully subscribed and there is a waitlist for participation. Thus, any expansion of participation could not take place right away. The Office is further concerned that providing a Full Coverage Option perpetuates the idea that net renewable offsets are the same as or equivalent to the customer being served entirely with renewable resources. We believe that this concept is misleading and may lead to unintended consequences in providing for future generating resource needs. For these reasons, the Office is opposed to the addition of the Full Coverage Option to the Subscriber Solar Program.

Of additional concern to the Office are on-going issues related to the multi-state-process and H.B. 411<sup>5</sup>, which introduce uncertainty regarding the future mix of resources assigned to Utah ratepayers. Under H.B. 411, specific renewable energy resources may be acquired to fill the energy needs of customers in those areas. This change could result in customers leaving the subscriber solar program as they will for renewable resources under the Community renewable energy program.

Determining the appropriate design of the Subscriber Solar Program was the product of debate, analysis and compromise involving a number of parties. While changes to tariffs can be necessary and beneficial to customers, in this instance the Office believes that the proposed changes are unnecessary, and have not been justified or adequately explained, including consideration of any potential consequences of the changes.

## **Office Recommendation**

For the reasons stated above the Office recommends that the Commission reject the Company's Application for changes to the subscriber solar program.

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<sup>5</sup> HB411 is the Community Renewable Energy Act, which allows qualifying municipalities or counties to enter into an agreement with a qualified utility to participate in a community renewable energy program