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Division of Public Utilities

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Comments

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Bob Davis, Utility Technical Consultant

Date: October 16, 2019

Re: Approve Tariff Sheet Changes, Docket No. 19-035-T08 – Rocky Mountain Power’s Proposed Changes to Schedule 73, Subscriber Solar Program Rider Optional.

Recommendation (Approval)

The Division of Public Utilities (“Division”) has reviewed Rocky Mountain Power’s (“RMP”) supplemental filing and recommends the Public Service Commission (“Commission”) approve RMP’s proposed revisions to Electric Service Regulation No. 73 (Subscriber Solar Program Rider Optional). The Division concludes RMP’s proposal is reasonable and in the public interest.

Issue

On May 31, 2019, the Commission issued its order suspending Electric Service Schedule No. 73. On September 18, 2019, RMP submitted its Supplemental Filing (“Filing”) with the Commission requesting an effective date of January 1, 2020. On September 18, 2019, the Commission issued an Action Request to the Division asking it to review the tariff for compliance and respond by October 3, 2019. On September 20, 2019, the Commission issued its Notice of Scheduling Conference for October 2, 2019. The Commission issued its Scheduling Order on October 3, 2019 asking parties to submit comments by October 16, 2019 and reply comments by October 25, 2019. This memorandum represents the Division’s comments.

Background

On May 9, 2019, RMP filed its application with the Commission requesting approval for changes to its tariff Schedule No. 73, allowing subscriber solar program subscribers, when available, the ability to subscribe up to 100 percent of their usage from the program. The Office of Consumer Services (“OCS”) filed comments on May 21, 2019. The Division and Utah Association of Energy Users (“UAE”) each filed comments on May 23, 2019. The Division, OCS, and UAE had various concerns with RMP’s proposal and therefore recommended that the Commission not approve RMP’s tariff changes. On May 30, 2019, RMP filed reply comments requesting that the Commission suspend tariff Schedule No. 73 until it could meet with parties in an informal workshop to discuss the revisions to Schedule No. 73. The Commission approved the suspension on May 31, 2019. RMP held a workshop with the parties on July 12, 2019 to answer questions and provide additional information to address parties’ concerns.

RMP’s September 18, 2019 filing with the Commission requested a scheduling conference to allow parties to provide additional feedback on the filing through comments. The revised changes to the program and tariff revisions are the subject of the Division’s comments herein.

Discussion

RMP claims the Subscriber Solar Program (“Program”) is fully subscribed and performing better than expected with projected costs well below the forecasted ramp-up costs. On December 31, 2018, the program ended at \$1.3 million below break-even or a \$133,347 improvement from the beginning of 2018, and is on-track to break even by the end of 2019.¹

In its original application in this docket, RMP proposed changes to two main areas of the Program: (1) change Schedule No. 73 so customers can subscribe at 100 percent through variable blocks of energy; and (2) eliminate certain Schedules from the Program due to non-participation. Initial review of the evidence provided by RMP in its original filing did not convince the Division that the changes were in the public interest or needed. The Division’s concerns stemmed from the fact that the changes might change the fundamental mechanics of the Program

¹ Division Comments, Acknowledge Annual Report with Recommendations, Docket No. 19-035-15, Bob Davis, April 29, 2019, pg. 5.

originally agreed to by stakeholders. Furthermore, RMP's claim that the program remains fully subscribed raises the question as to the availability of the 100 percent variable blocks.

Addition of 100 Percent Matching Program Offering

In its response to the Commission's Action Request on May 23, 2019, the Division commented that Schedule 73 currently allows customers to purchase or subscribe to, discrete 200 kWh fixed blocks of energy from the designated resource. The proposed tariff allows customers under Schedule Nos. 1, 2, 3, and 23 to take up to 100 percent of their prior 12-months usage.² Customers under Schedule Nos. 6, 6A, 6B, 8, 9, and 9A cannot exceed the lower of their 12-month prior usage or 2,000 kW.³ In its supplemental filing, RMP claims that approximately 22 percent of the total residential customers on the program would like the opportunity to purchase the 100 percent solar option.⁴

During the workshop on July 12, 2019, and subsequent phone conversations, RMP provided responses to the Division's concerns regarding the mechanics of the program. RMP addressed the Division's concerns that new subscribers might be locked out of the program as current subscribers request variable blocks to cover 100 percent of their usage. In response to DPU Data Request 2.2, RMP explains that it handles subscription requests in the order received. If a current subscriber wishes to switch to the 100 percent option, they would be added to the waitlist and their request processed in the same order.⁵ The Division concludes that if the Program continues to remain fully subscribed with a wait list, the opportunities for customers to take the 100 percent option may be less than the 22 percent anticipated. Therefore, the Division does not perceive any major impacts to the program if customers take the 100 percent option.

The Division asked RMP to explain why its proposal has no impacts on the fundamental pricing of the Program's original design. The pricing of the blocks comprise two components: (1) the solar block generation charge consisting of the solar generation and program costs; and

² Rocky Mountain Power Electric Service Schedule No. 73, Advice No. 17-06 Docket No. 17-035-T06, Special Conditions, Section 2.

³ Id., Section 3.

⁴ Rocky Mountain Power, Supplemental Filing, Docket No. 19-035-T08, September 19, 2019, Exhibit B – Subscriber Solar Program: 100% Coverage Option Proposal, February 2019, pg. 2.

⁵ RMP response to DPU Data Request 2.2.

(2) the solar block delivery charge. The solar block generation and program costs include the power purchase agreement (“PPA”) cost of the solar facility, administration, billing, marketing, and the cost associated with utility generation required to meet customer usage outside their subscriptions. The solar block delivery charge applies to only Schedule Nos. 1, 2, 3, 23, and applicable fees under Schedule 32 for Schedule Nos. 6, 6A, 6B, 9, and 9A customers that have interval meters. Customers taking service under Schedule Nos. 6, 6A, and 6B, that do not have interval meters, do not pay block delivery charges. The mechanics of the Program, as presented at inception, made program costs predictable based on 100 percent subscription over 20 years.

In its original comments, the Division expressed concerns that the variable blocks of energy might change the pricing of the solar generation block. For example, a residential customer participating in the 100 percent option might not require the cost of utility generation mentioned above to offset their undersubscription as before. Therefore, the calculation of the pricing for the solar block generation charge might be different. RMP’s response to the Division’s concern is that the mechanics of the project balanced the project to have a zero net present value (“NPV”) over the 20 year life of the project at full subscription based on the fundamental pricing. Therefore, allowing customers to take the 100 percent option to keep the program fully subscribed has no impact as long as the NPV remains at zero.

RMP notes that its proposal offers an additional benefit by reducing costs to the energy balancing account (“EBA”) as a result of the variable blocks. The Program allows RMP to charge any unused generation from the solar facility to the EBA account. RMP’s Subscriber Solar Annual Report for 2018 illustrates that subscriber customers used 47,704 MWh of the 50,511 MWh generated.⁶ The difference is booked to the EBA. The Division concludes this reduction in EBA expense is beneficial to other rate payers and in the public interest.

Finally, the Division notes that the billing system would require updates to accommodate the difference between the current fixed subscribed blocks and RMP’s proposed variable energy blocks. The associated changes in costs shown in RMP’s Confidential Exhibit B, Proposed Tab, Column J, Row 60, require billing system updates to accommodate the changes. RMP proposes

⁶ Rocky Mountain Power, Subscriber Solar Annual Report, Docket No. 19-035-15, March 29, 2019, Exhibit A – Subscriber Solar Status Report: 2018 Subscriber Solar Dashboard.

to reallocate savings from the administrative, billing, and marketing expenses thus far to cover the costs of the billing system update. Therefore, RMP claims there is no need for additional funds to support the Program with the reallocation. However, the Division notes the change pushes the break-even year for the Program out two years from the original break-even year. In response to DPU Data Request 2.4, RMP explains the Program's break-even point occurs later under the proposal but within the 20-year amortization schedule shown by the zero NPV in the program cost model. The only change proposed to the program cost model is reallocation of the savings from the first three years of the program into year four. The Division concludes that the expenses associated with billing updates to manage the 100 percent option can be contained with the savings from the program without affecting the NPV.

Removal of Eligible Rate Schedules

As a result of the workshop and discussions with the parties, RMP withdraws its proposal to remove tariff Schedules No. 2, 8, 9 and 9A from the program. The Division concludes that no further action is required for this portion of RMP's proposal.

In summary, the potential for oversubscription on low generation days and undersubscription on high generation days is always possible. In either event, the subscription level might affect the system. Full subscription of the program at any point in time is dependent on the lag time of subscribers dropping off and new subscribers signing up. The Division anticipates that the program will reach full subscription from subscribers taking the 100 percent option at some point in time. The Division concludes that the 100 percent option might smooth the under/over subscription concern. RMP has adequately addressed the Division's concerns.

The Division's review of RMP's supplemental filing also includes a compliance review of the revised tariff sheets for this matter. The Division reviewed Utah Administrative Code Rule 746-405-2(D)(3)(g), which requires a statement that the tariff sheets proposed do not constitute a violation of state law or Commission rule. However, the rule also states that the filing of proposed tariff sheets shall of itself constitute the representation of the filing utility that it, in good faith, believes the proposed sheets or revised sheets to be consistent with applicable statutes, rules and orders. The filing does not appear to violate statute or rule.

Conclusion

The Division investigated RMP's supplemental filing to Electric Service Schedule No. 73 (Subscriber Solar Program Rider Optional), and concludes that RMP has adequately responded to the Division's concerns emanating from its original filing. RMP's supplemental filing proposals are reasonable and in the public interest. Therefore, the Division recommends the Commission approve RMP's changes to Electric Service Schedule No. 73, effective January 1, 2020.

Cc: Michael Snow, RMP
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