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State of Utah
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: October 16, 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 to make changes to Schedule 73, Subscriber Solar Program Rider Optional (Program). On that same day, the Commission issued a Notice of Filing and Comment allowing parties to file comments and reply comments by May 23 and May 30, 2019, respectively. The Office of Consumer Services (Office) filed comments on May 21, 2019, and the Division of Public Utilities (Division) and Utah Association of Energy Users (UAE) filed comments on May 23, 2019. For various reasons parties opposed the changes to the Program. UAE also recommended suspending the proposed tariff changes.

On May 30, 2019, the Company filed reply comments supporting a suspension order to allow time to work with parties to address concerns expressed in parties' comments. The Commission issued an Order Suspending Tariff on May 31, 2019, suspending the Company's proposed changes to Schedule 73 pending further order from the Commission.

On September 18, 2019, the Company filed with the Commission a proposal (Application) to make changes to the Program.

Subsequent to an October 2, 2019 scheduling conference, the Commission issued a Notice of Filing and Comment Period providing interested parties the opportunity to submit comments and reply comments on or before Wednesday, October 16 and Friday, October 25, 2019, respectively. Pursuant to the Commission's order, the Office provides the following comments.

Discussion

In its Application, the Company proposes to modify the Program by adding a Subscriber Solar Energy Full Coverage Option (Full Coverage Option) available only to customers on Schedules 1, 3 and 23. For customers choosing the Full Coverage Option who cancel their subscription within three years of subscribing the Company proposes to establish a cancellation fee of up to \$100. The Company no longer requests to remove certain customer schedules from eligibility and they are not pursuing additional solar resources in this filing.

Current Tariff - Subscriber Solar Energy Block

Customers can purchase 1-kW blocks of capacity (and associated energy) in the Subscriber Solar Program resource. The tariff is open to customers on Schedules 1, 2, 3, 23 and Schedules 6, 6A and 6B. For customers without an interval meter, each block of capacity is assigned a fixed amount of energy of 200 kWh per month.¹ Customers under Schedules 1, 2, 3 and 23 can subscribe to as many blocks as they want but their subscription cannot exceed 100% of their usage for the prior 12 months (on a kWh basis).² Thus, it is unlikely that for customers on these Schedules their solar block subscription and actual energy usage will match.

Subscriber Solar Energy Full Coverage Option

The Company proposes to add a new Subscriber Solar Energy Option available only to customers on Schedules 1, 3, and 23. Under this option customers can purchase variable blocks of capacity (and associated energy). The block of capacity will be assigned a variable amount of energy equal to 100% of their total usage per month, reconciled on an annual basis. The Office found this description regarding the purchase of “variable blocks” to be unclear based on our understanding of how this option is intended to function, e.g. the amount of energy will vary by month. The Company has agreed to remove “variable block” from the description and will provide modified language in its reply comments.

The Company estimates that approximately 500 residential participants³ may choose the Full Coverage Option over the 200-kilowatt-hour block option if the Application is approved.

Modifications to the Company’s billing system will be necessary in order to accommodate the proposed Full Coverage Option. The estimated cost is \$250,000 in I/T system billing

¹ For customers with an interval meter, the energy amount for each block is based on the actual output of the solar resource (actual output associated with their 1-kW block).

² Proposed Second Revision of Sheet No. 73.2 removes the prohibition related to not exceeding 100% of usage for the prior 12 months.

³ This represents approximately 22% of the total residential participants.

modifications. The Program would cover this cost with existing funds that are currently still available.

The Company states that results of its analysis show that if 527 customers would have been subscribed at the 100% level then approximately 659,000 more kWh would have been subscribed. Thus, the amount charged to the Energy Balancing Account (EBA), would have been reduced. EBA costs are passed to all non-participating customers. In response to OCS data request 5.8 the Company confirmed that for 2018, the number of unsold kilowatt-hours charged to the EBA was 2,807,129. The Office notes that the Company evaluated only this one set of assumptions in asserting this potential ratepayer benefit and the actual results of adding this option will vary.

Potential Oversubscription

In our May 20, 2019 comments in this docket, the Office expressed concern with the potential for oversubscription if the Company institutes a 100% subscription option. The Company continues to assert that the possibility of over-subscription is so remote that they have no concerns along those lines.

Although the Office still has some concern regarding over-subscription, we accept the Company's assertion that over-subscription is very unlikely and they will be able to deal with it should that circumstance occur. Should over-subscription become problematic the Company should be required to promptly notify the Commission and propose modifications to alleviate the problem.

Cancellation Fee for Full Coverage Option

Currently customers participating in the Program may pay a cancellation fee up to \$50 per block⁴. As noted above the Company proposes that for customers subscribing to the Full Coverage Option who cancel their subscription within three years of subscribing a cancellation fee of up to \$100 may be imposed. In OCS Data Request 5.2, the Office asked the Company to "please explain how the Company arrived at the \$100 cancellation fee for subscribers that participate in the 100% solar option⁵." The Company responded:

"The cancellation fee was based on the average subscription of 2.3 blocks for residential (Schedule 1 and Schedule 3) and small commercial (Schedule 23) customers. The current cancellation fee that may be charged for each block is \$50; therefore, an average cancellation would equal \$100 for two blocks (average rounded down)."

In an effort to better understand if an up to \$100 cancellation fee is reasonable the Office submitted a follow-up data request (OCS 6.1) related to the number of Schedule 1,

⁴ The current Program offers only a Solar Block option. For customers with non-interval meters each block purchased consists of 200 kWh per month.

⁵ In the filing the Company sometimes used 100% interchangeably with Full Coverage.

Schedule 3 and Schedule 23 customers subscribing to 3 or more blocks. The Company provided the following response, indicating that this data was current as of October 3, 2019:

Rate Schedule - Blocks	3	4	5	>5	Total
Schedule 1	482	247	119	178	1026
Schedule 3	5	3	2	1	11
Schedule 23	56	28	15	35	134
Total	543	278	136	214	1171

Based on the Company’s response there are currently 1171 participants that may be subject to cancellation fees up to \$150 or more if they were to cancel their subscription within three years after subscribing. The Office questions if it is reasonable for customers on the Full Coverage Option to be charged a maximum cancellation fee of \$100 when participants on the Block Option would potentially be charged a greater cancellation fee with kWh amounts that are equivalent or similar.

The Office recommends that the cancellation fee for the Full Coverage Option should be similar to the charge for the Solar Block option. The determination of the charge would be based on the participant’s prior 12 month kWh usage. A simple 12 month average of usage divided by 200 would arrive at an average of equivalent blocks. The cancellation fee would be determined by the number of blocks at \$50 per block. The Office further suggests that if the Company believes this proposal is not more equitable, it should propose an alternative that is.

Suggested Tariff Corrections

The Office identified two minor language issues in the tariff sheets included with the filing.

- 1) Tariff Second Revision of Sheet No. 73.2 at No. 7. The language reads “Subscribers that participate in the **100% solar option**....However, tariff Sheet No. 73.1 describes a Subscriber Solar Energy Full Coverage Option. The Office understands that a 100% solar option and the Full Coverage Option are somewhat interchangeable terms describing the same option. However, the Office suggests that the tariff language should be more precise and suggests that the “100% solar option” language should be changed to the more official tariff description “Full Coverage Option”. When the Office asked about the language variation, the Company indicated they will make that change in reply comments.
- 2) First Revision of Sheet No. 73.3, Sections 10, 11 and 12 each have a reference to “Solar **Block** Generation Charge, Solar **Block** Delivery Charge or Solar Energy **Block** Charges”. Although the tariff continues to include a Subscriber Solar Energy Block Option the Second Revision of Sheet No. 73.1 removes the “**Block**” reference from

the SOLAR ENERGY CHARGES. Including in the heading for Solar Deliver Charge and Solar Generation Charge. (Proposed Second Revision of Sheet No. 73.1 below).

SUBSCRIBER SOLAR ENERGY BLOCK OPTION: Customers can purchase 1-kW blocks of capacity (and associated energy) in the Subscriber Solar Program resource: For Schedules 1, 2, 3, 23, and Schedules 6, 6A and 6B where the customer does not have an interval meter, the block of capacity will be assigned a fixed amount of energy of 200 kWh per month. For Schedules 8, 9, 9A, and Schedules 6, 6A and 6B where the customer does have an interval meter, the energy amount for each block will be based on the actual output of the solar resource (i.e. the actual output associated with their 1-kW block).

SUBSCRIBER SOLAR ENERGY FULL COVERAGE OPTION: Customers can purchase variable blocks of capacity (and associated energy) in the Subscriber Solar Program resource: For Schedules 1, 3 and 23, the block of capacity will be assigned a variable amount of energy equal to 100% of their total usage per month, reconciled on an annual basis. The full coverage option is not available for Schedules 2, 6, 6A, 6B, 8, 9 or 9A.

SOLAR ENERGY ~~BLOCK~~ CHARGES:

<u>Schedule</u>	<u>Solar Block-Delivery Charge</u>	<u>Solar Block-Generation Charge</u>
1, 2, 3	3.9783 ¢ per kWh	7.7250 ¢ per kWh
23	2.6958 ¢ per kWh	7.4250 ¢ per kWh
6, 6A, 6B (no interval meter)	0.0000 ¢ per kWh	7.1250 ¢ per kWh
6, 6A, 6B (with interval meter)	Under Schedule 32	5.9250 ¢ per kWh
8, 9, 9A	Under Schedule 32	5.9250 ¢ per kWh

The Company confirmed in response to OCS data request 5.9 that it was an oversight to have not removed the word “Block” from the First Revision of Sheet No. 73.3 and indicated it would make the change in reply comments.

Customers Moving from the Block Option to Full Coverage Option

The Office recommends that if a customer currently participating the Block Option would like to move to the Full Coverage Option then that customer should go to the bottom of the wait list for any additional kWh requirements. Participation in the Block Option would continue and when the customer reaches the top of the wait list he/she could be moved to the Full Coverage Option. Customers that are on the wait list should not be penalized by another customer’s decision to move to a new Full Coverage Option.

Final Comments

The Office appreciates that the Company responded quickly to data requests that we issued in this docket and their willingness to answer questions directly. Based on information provided and discussions with the Company, the Office believes that the Company’s proposal has merit.

The Office accepts the Company's representation that there are customers interested in participating in the Full Coverage Option and that the Program's overall impact on the EBA, and therefore non-participating customers, could be reduced by adding this option.

As stated above we have concerns that the proposed cancelation fee may be unfair to those on the Block Option as a lower cancelation fee may be assessed to Full Coverage Option customers even if their kWh are equal to or greater than those of Block Option customers. The Office recommends that the cancelation charge should be based on a calculation of the participant's usage to an equivalent number of blocks and charged at the \$50 per block rate.

Finally, the Office requests that the Company conduct an informal quarterly meeting⁶ with the Office and the Division to provide updates regarding the Full Coverage Option and its impacts on the Program and non-participating customers.

Office Recommendation

The Office recommends that the Commission approve the Company's Application subject to the following requirements:

- 1) The cancelation fee for the Full Coverage Option should be based on a calculation of the equivalent number of blocks, or another method more equitable than the Company's proposal of up to \$100 per customer.
- 2) Customers requesting to move from the Block Option to the Full Coverage Option should be placed at the bottom of the wait list for any additional kWh requirements.
- 3) If the Company becomes aware of issues regarding over-subscription, they should promptly notify the Commission and propose modifications to alleviate the problem.
- 4) The Company should modify the tariff as described in these comments.

⁶ A conference call may be adequate to provide the information.