

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Approval of Rocky Mountain Power's Tariff P.S.C.U. No. 47,
Re: Schedule 135 - Net Metering Service)
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DOCKET NO. 08-035-T04
ORDER APPROVING TARIFF WITH CERTAIN CONDITIONS

ISSUED: June 13, 2008

By The Commission:

INTRODUCTION

On May 16, 2008, PacifiCorp, doing business in Utah as Rocky Mountain Power ("Company"), filed with the Utah Public Service Commission ("Commission") a request for approval of revisions to the Company's Schedule 135 - Net Metering Service ("Schedule 135") to address recently enacted changes to Utah Code Title 54 Chapter 15 - Net Metering of Electricity ("UCA 54-15") by the 2008 Senate Bill 84 - Net Metering Programs. Included in its request, the Company filed revised tariff sheets for Schedule 135 contained in Rocky Mountain Power's Tariff P.S.C.U. No. 47 applicable to electric service in the State of Utah. The Company also included in its application interconnection agreements for Net Metering Service up to 25 kilowatts ("kW") and Net Metering Service up to 2,000 kW ("Agreements") which set interconnection requirements for net metering customers.

On May 20, 2008, the Commission issued an action request to the Utah Division of Public Utilities ("Division") to investigate the proposed revisions to Schedule 135. On June 9, 2008, the Division filed its comments on the proposed changes to Schedule 135 language and on June 10, 2008, the Division filed revised comments.

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DESCRIPTION OF THE REVISED TARIFF

Schedule 135, initially proposed in response to the 2002 enactment of House Bill 7 – Net Metering of Electricity, was approved by the Commission on June 24, 2002, in Docket 02-035-T05. The proposed revisions to Schedule 135 in this docket partially reflect the provisions of Senate Bill 84 and: 1) Increases the capacity limits for non-residential customers to 2 Megawatts (“MW”) from the current cap of 25 kW leaving the residential cap at 25 kW; 2) allows non-residential net metering facilities to be controlled by either an inverter or switchgear capable of enabling safe and efficient synchronous coupling with the Company’s electrical system; 3) increases the capacity limit for the net metering program from 3,516 kW to 4,424 kW; 4) revises and expands the definition of a renewable generating facility; 5) changes the expiration date of unused credits from end of the calendar year to the end of the March billing period for each year; 6) adds PacifiCorp’s Electric Service Requirements (“ESR”) to the list of standards with which customer-generator equipment must comply; and 7) revises applicability from “any customer that owns or operates a fuel cell or renewable generating facility” to “any customer that owns or leases a customer-operated renewable generating facility.”

THE DIVISION’S COMMENTS AND RECOMMENDATIONS

The Division identifies and reviews the first five proposed revisions noted above. The Division concludes these five changes are largely consistent with Senate Bill 84, however, the Division notes four inconsistencies. First, UCA 54-15-102(3)(a)(iii) requires that the customer-owned or customer-leased eligible facility operated by the customer be interconnected with the electrical cooperation’s distribution system. Senate Bill 84 removes the previous

language regarding interconnection with transmission facilities and as such the reference to transmission facilities is no longer required. The Company's filing, however, indicates interconnection with the transmission facilities is available. Therefore, the Division recommends the Company modify the language such that it reads "... is interconnected and operates in parallel with the Company's existing [~~transmission and~~] distribution facilities ..."

Second, the Company seems to have interpreted UCA 54-15-102(3)(a)(v) regarding renewable generation facility control using a switchgear as applying solely to non-residential systems and thus the Company's proposed revision extends the option of using switchgear (rather than an inverter) solely to non-residential systems. However, the Division reads the statute as distinguishing between residential and non-residential systems only for the purpose of distinguishing different maximum generating capacities. The Division therefore interprets Section UCA 54-102(3)(a)(v) to mean both residential and non-residential facilities could be controlled by either an inverter or switchgear. The Division recommends the language on the Application section be changed to read "...is intended primarily to offset part or all of the customer's own electrical requirements, is controlled by an inverter or~~[-for non-residential applications,]~~ switchgear capable of enabling safe and efficient synchronous coupling with Rocky Mountain Power's electrical system."

Third, UCA 54-15-103(2) states that an electrical corporation may discontinue making a net metering program available to customers not already participating in the program if: (a) the cumulative generating capacity of customer generation systems in the program equals at least 0.1% of the electrical corporation's peak demand during 2007; or (b) the electrical

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corporation serves fewer than 1,000 customers in the state. In its filing, the Company states, “. . . This provision will be available until the time that the total rated generation capacity used by the eligible customer-generators equals 4,424 kilowatts.” Presumably the 4,424 kW represents 0.1% of the Company’s 2007 peak demand for Utah. However, in its response to DPU Data Request 1.1 in this docket received on June 10, 2008, the Company states its 2007 Utah peak was 4,615 MW. Therefore, the correct total customer capacity stated in the tariff should be 4,615 kW (0.1% of the peak cited in the data request response).

Finally, the Division notes Section 54-15-103(2) states that “an electrical corporation may discontinue making a net metering program available to customers not already participating in the program...” The Division understands this pertains solely to new net-metering participants. However, the Company’s filing does not make it explicit whether this provision is applicable to either new or existing participants or both. The Division therefore recommends the language under the Application section of the filing be clarified to read as follows: “This provision shall be available to new participants until the time that the total ...”

In summary, the Division recommends the Commission approve the proposed revisions to Schedule 135 with the changes noted above.

DISCUSSION AND CONCLUSIONS

We support the changes to UCA 54-15 incorporated in Senate Bill 84 as they remove some barriers to the development of renewable energy in Utah. We find the proposed four language revisions recommended by the Division are consistent with Senate Bill 84 and thereby direct the Company to include them in its revision to Schedule 135. In our review of not

only the Company's proposal and the Division's recommendations but also of Senate Bill 84, we identify the following additional issue which was not addressed and/or reviewed by the Company or the Division in their filings. UCA 54-15-103(b) deletes the language "at least half of the electricity representing the .1% figure in Subsection (2)(a) is generated by renewable facilities" yet this language is retained in the proposed revision to Schedule 135 in the Section entitled "Application." As the Company's language is no longer consistent with UCA 54-15-103(b) we order Schedule 135 be revised to reflect the language in Senate Bill 84.

The Division did not provide comment on the Company's addition of PacifiCorp's Electric Service Requirements to the list of local and national standards applicable to interconnection equipment addition, as specified in Special Condition 2 on Page 2 of the proposed revisions to Schedule 135. This document has not been formally reviewed by the Commission and we are uncertain of the differences between this document and the other safety standards referenced in UCA 54-15. We are reluctant to include this provision without a review of its implications and thereby direct the reference to PacifiCorp's Electric Service Requirements be deleted from both the proposed changes to Schedule 135 and any such references in the Agreements until such time that a review has been completed and the inclusion of this reference is found appropriate.

With respect to the Company's specified cumulative generation capacity limitation of 4,615 kW as addressed above by the Division, UCA 54-15-103(2) states "An electrical corporation *may* discontinue a net metering program to customers not already participating in the program if (a) the cumulative generating capacity of customer generation

systems in the programs equals at least .1% of the electrical corporations' peak demand during 2007." Further, UCA 54-15-103(3) enables the Commission to establish a .1% higher amount of generating capacity from customer generation systems than .1% of the electrical corporation's peak demand during 2007 before a net metering program may be discontinued, provided that before the Commission acts to modify the limit it provides public notice of its proposed action and an opportunity for public comment. Collectively, we view these provisions to support our interpretation that upon such time the 4,615 kW cumulative capacity generation limitation is reached, the Company either may voluntarily continue to extend the net metering program or shall immediately notify the Commission so that we may conduct the appropriate review and evaluation and provide for the required public notice and comment. During this evaluation period, in the interest of removing barriers to renewable energy development, we find it is appropriate for the Company to continue making net metering service available until such time that a decision on revision of the cumulative generating cap is finalized and Schedule 135 updated. We also find it useful for the Company to submit an annual net metering report, due by April 30th of each year, informing the Commission of the number of Utah net metering installations, the respective individual capacity of each installation, the total capacity of the Utah customer-generation as of the end of the annualized billing period, and any unforeseen problems or barriers in the tariff.

We recognize the Company's efforts toward improving its management of net metering requests and/or services and view the Company's inclusion of its Agreements in this docket as essential to increasing the transparency of the net metering process. We note,

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however, there is no reference in Schedule 135 that the customer-generator will be required to execute such an Agreement. We find that such a reference would be useful and order its inclusion in the revisions to the revised Schedule 135. While we have been provided no regulatory review of these Agreements, we observe they are basically consistent with the Company's existing net metering interconnection agreement. We observe, however, that while the Company characterized these Agreements as residential and commercial agreements we can find no reference to residential or commercial applications in either of the Agreements. Rather, the Agreements are distinguished by capacity limits (i.e., up to 25 kW and up to 2,000 kW). Without additional detail in their titles a non-residential customer generator desiring to install a 5 kW system may be confused as to which interconnection agreement to use. In addition, the two Agreements use the phrase "up to 25 kW" or "up to 2,000 kW." While a minor point, it is clear that the definitions in UCA 54-15-102 include generating capacity of "not more than 25 kW for residential facilities" and "not more than 2 MW for non-residential facilities" which we interpret to be "up to and including 25 kW" and "up to and including 2 MW," respectively. As electrical interconnection rule development is underway in Docket 07-999-07 - Electrical Power Interconnection we anticipate that the Company will submit revised interconnection agreements for net metering consistent with finalized rules. Finally we note that the numbering of the provisions in the two agreements is inconsistent, i.e., the provision on disconnection is not numbered in the agreement for up to 25 kW. We also observe the numbering of the Special Conditions in the proposed revisions to Schedule 135 is incorrect as the numbering of the

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Special Conditions on page 2 begins again with number 1 whereas it should begin with number 3 and order this correction.

In Special Condition 1 on page two of the proposed revisions to Schedule 135, the Company indicates that all unused credits accumulated by the customer-generator shall expire at the end of the March billing period of each year. It is unclear, however, what the March billing period is. For example, is the March billing period based upon the date of the last meter reading in March, or is it based upon the date of the last bill sent out by the Company in March, or is it the date of the last due date of the billing period in March? As such, we order the Company to clarify what is meant by “March Billing Period” in the revisions to Schedule 135.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that Schedule 135 - Net Metering Service is approved subject to the comments and conditions in this Order.

DATED at Salt Lake City, Utah, this 13th day of June 2008.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#57811