

Sophie Hayes (12546)  
Utah Clean Energy  
1014 2<sup>nd</sup> Ave.  
Salt Lake City, UT 84103  
801-363-4046  
*Attorney for Utah Clean Energy*

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

---

In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations

**DOCKET NO. 13-035-184**

**Utah Clean Energy Exhibit 7.0 (SRT)**

---

SUR-REBUTTAL TESTIMONY OF SARAH WRIGHT

ON BEHALF OF  
UTAH CLEAN ENERGY

[NET METERING]

July 17, 2014

RESPECTFULLY SUBMITTED,  
Utah Clean Energy

---

Sophie Hayes  
Attorney for Utah Clean Energy

1   **INTRODUCTION**

2   **Q:    Please state your name, title, and business address.**

3    A:           My name is Sarah Wright. I am the Executive Director of Utah Clean Energy.

4           My business address is 1014 2<sup>nd</sup> Ave, Salt Lake City, Utah 84103.

5   **Q:    Did you file Direct and Rebuttal Testimony in this proceeding on net energy  
6           metering (NEM) issues?**

7    A:           Yes, I filed direct testimony on May 22 and rebuttal testimony on June 26, 2014.

8   **Q:    What is the purpose of your surrebuttal testimony?**

9           I address the rebuttal testimony of Rocky Mountain Power witnesses Joelle  
10          Steward and Greg Duvall. As an initial matter, I would like to note that Rocky Mountain  
11          Power presents new evidence and makes new assertions for the first time in its rebuttal  
12          testimony. For example, the Company states for the first time what it interprets NEM  
13          benefits to be (Walje Rebuttal, lines 17-20). Additionally, the Company states, without  
14          explanation, that NEM customers are “a new type of partial requirements” customers  
15          (Steward Rebuttal, lines 265-66)—a designation usually reserved for large commercial  
16          and industrial customers, such as those served by Rate Schedule 31. RMP also mentions  
17          for the first time that it is conducting a “load research study” for net metering customers  
18          in order to design a separate rate structure for them (Steward Rebuttal, lines 244-48).

19          I also respond to the rebuttal testimony of the Division of Public Utilities (the  
20          Division) and the Office of Consumer Services (the Office) as their testimony relates to  
21          Utah Clean Energy’s policy position and recommendations. I have not addressed every  
22          argument in each rebuttal witness’s testimony. My silence on any given issue should not  
23          be construed as agreement.

24 **RESPONSE TO RMP**

25 **Q: In his introductory testimony, Rich Walje explains that Mr. Duvall “will show that**  
26 **the value of net metering PV solar energy *should not* be valued higher than the value**  
27 **given” to PURPA qualifying facilities (QFs) in Utah (emphasis added). How does**  
28 **Mr. Duvall do this?**

29 A: He doesn’t. Mr. Duvall equates an *energy-only* value of solar QFs with benefits of  
30 net metering and then states, without explanation, that “there is no reason to apply  
31 different standards to rooftop solar versus a QF.”

32 **Q: Why does Mr. Duvall argue that the benefits of distributed solar should be valued in**  
33 **the same manner as solar QF resources?**

34 A: Mr. Duvall does not explain why distributed solar should be valued in the same  
35 manner as solar QFs. He merely explains that the Commission approved an avoided costs  
36 calculation method in a separate (avoided costs) proceeding that addressed “many of the  
37 issues” associated with solar valuation. I participated in the entirety of Docket No. 12-  
38 035-100 and nowhere in that proceeding did the Commission consider evidence or make  
39 a determination that Schedule 38 avoided cost pricing was determinative of the benefits  
40 of distributed solar generation. That was simply not at issue, nor was it addressed by any  
41 party in Docket No. 12-035-100. And Mr. Duvall has not presented evidence in the  
42 current case to justify making such a conclusion, which was never asserted prior to  
43 RMP’s rebuttal testimony in the current case.

44 Mr. Duvall tries to use the avoided energy cost from a past QF proceeding for  
45 utility scale projects in lieu of the cost and benefit evaluation required by SB 208.  
46 However, the Federal PURPA law of 1978 does not satisfy the requirements of SB 208

47 because it's guidance on certain costs avoided by the deployment of QFs falls short of  
48 capturing the full range of benefits provided by behind the meter distributed solar  
49 generation.

50 **Q: Why Does Mr. Duvall argue that the benefits of solar are equivalent to the avoided**  
51 **energy-only value of a solar QF?**

52 A: That is unclear. Mr. Duvall explains that the Company does not need new  
53 capacity until 2027 and calculates avoided costs without including Commission-approved  
54 capacity value in years 2027 and beyond (Duval Rebuttal, lines 39-41). I disagree with  
55 Mr. Duvall's assumption that PURPA avoided costs are the same as the benefits of  
56 distributed solar, but, additionally, distributed solar resources are long-term resources,  
57 producing electricity for over 25 years—well past 2027.

58 **Q: In her rebuttal testimony, RMP Witness Steward addressed your recommendation**  
59 **to investigate practicable options for residential rate design and explained that the**  
60 **Company is exploring the development of a new rate class for NEM customers**  
61 **through a load research study (lines 241-48). What is your response?**

62 A: I would like to clarify that my recommendation was to investigate options for the  
63 residential class as a whole, not to single out net metering customers for unique  
64 treatment. Utah Clean Energy would like to explore residential rate mechanisms that  
65 reward low usage customers that do not contribute significantly to peak and make sure  
66 that we send proper price signals to high usage customers that do contribute significantly  
67 to peak. We look forward to collaborating with the Company and regulators on options  
68 for improved rate designs across all customer classes.

69 **Q: Ms. Steward explained that, historically, rates were designed based on the**  
70 **assumption that customers had no other choice but to purchase electricity from**  
71 **regulated monopolies, allowing residential energy rates to be “loaded with fixed**  
72 **costs not reflecting more complex cost causation.” (Steward Rebuttal, lines 159-65.)**  
73 **What is your response?**

74 A: She is correct. Residential rate design evolved at a time when energy flowed only  
75 one way—from the utility to the customer. Additionally, utility regulations were created  
76 at a time when no one had to think about diversifying energy resources or how to  
77 economically transition to a low carbon electric system. Utility regulation was born at a  
78 time when ratepayers did not have to worry about being on the hook for carbon costs or  
79 stranded, carbon-intensive assets. Ratepayers also did not have the option of making  
80 personal investments that contribute to a lower risk, lower carbon electric system for the  
81 benefit of all ratepayers. None of this, however, means that current rate designs recover  
82 the appropriate costs from each and every customer, residential or otherwise.

83 As Rocky Mountain Power is beginning to acknowledge, certain utility practices  
84 need updating. Everyone has to change in the face of new events, technology and  
85 information, including the utility. As the utility and utility regulation evolve to better  
86 reflect current realities, we should value what is valuable going forward, not preserve a  
87 system that customers do not want because it is risky, harmful, and costly. Utility rates  
88 and regulation should support the growth of distributed solar and a cleaner, lower risk

89 energy portfolio, both for their benefits for ratepayers and because they are what  
90 ratepayers want.<sup>1</sup>

91 **RESPONSE TO THE DIVISION**

92 **Q: In his rebuttal testimony Division Witness Dr. Powell states (at lines 17-26),**

93 **In direct testimony, Mr. Faryniarz acknowledged that the Company failed to**  
94 **provide ‘a benefit-cost analysis of the net metering program.’ However, the**  
95 **Division concluded that ‘the net metering charge proposed by the Company**  
96 **is within the zone of reasonableness and that it acceptably balances costs and**  
97 **benefit until such a study can be undertaken.’ As I explained in my direct**  
98 **testimony the net metering charge is about collecting existing costs in an**  
99 **equitable manner. The net metering charge would have the residential net**  
100 **metering customers as a group pay on average the same (average) amount as**  
101 **other non-net metering residential customers.**

102

103 **What is your response to this?**

104 **A:** The Division has repeatedly recognized the Company’s failure to provide cost-  
105 benefit analysis in the current case, but inexplicably concludes that the Company’s  
106 proposed fee nevertheless “acceptably balances” costs and benefits. I am wholly unaware  
107 of any cost-benefit method, analysis or result where an evaluation of benefits is deemed  
108 irrelevant to cost-benefit calculus. In every cost-benefit analysis I have encountered,  
109 benefits have been evaluated along with costs in order to offset costs; in my  
110 understanding that is why cost-benefit analysis is called cost-benefit analysis.

111 I do not understand how cost-benefit analysis, without an evaluation of benefits,  
112 qualifies as cost-benefit analysis. It is improper to implement a fee based on cost-benefit  
113 “balancing” that 1) has not considered benefits and 2) must be redone to consider benefits

---

<sup>1</sup> There has been unprecedented public participation on the current rate case with regard to the net metering fee. Over 1,500 comments in opposition to the Company’s proposal have been filed with the Commission, and around twelve letters to the editor and op-eds have run in local newspapers.

114 and comply with statute. The Division’s own witness, Mr. Faryniarz, states that “RMP  
115 has not produced enough evidence on the benefits or the costs of the NEM program”  
116 sufficient to make appropriate findings pursuant to SB 208 (Faryniarz Rebuttal, lines 47-  
117 54).

118 **RESPONSE TO THE OFFICE**

119 **Q: The Office, through the rebuttal testimony of Mr. Gimble, makes process**  
120 **recommendations regarding a separate NEM docket. Do you have a response?**

121 A: Yes. First, I agree with Mr. Gimble that the Company’s inability to timely furnish  
122 analysis or information relating to NEM benefits<sup>2</sup> is a major deficiency in this  
123 proceeding. Rocky Mountain Power filed substantial testimony on rebuttal, a significant  
124 portion of which raises new issues and should have been filed with the Company’s direct  
125 testimony in order to give parties time to evaluate, submit data requests and respond  
126 thoroughly. The Company’s substantial rebuttal filing demonstrates the need for a new  
127 docket to address the issues of NEM costs and benefits.

128 Second, I appreciate the Office’s recommendations for a Commission process for  
129 evaluating NEM and support their recommendations, particularly with regard to allowing  
130 sufficient time for parties to explore areas of agreement relating to modeling components,  
131 inputs and assumptions. I agree that a collaborative stakeholder process would help  
132 parties focus on particular issues prior to filing testimony. I make the following additional  
133 process recommendations:

- 134 • Neutral process facilitation;
- 135 • Third-party cost-benefit analysis; and

---

<sup>2</sup> Gimble rebuttal, lines 74-96.

- 136                   • Technical conferences with experts in solar valuation, such as the  
137                   Regulatory Assistance Project.  
138

139                   Recently, pursuant to legislation directing them to do so, the Public Utilities  
140                   Commission of Nevada (PUCN) published an analysis of the costs and benefits of NEM  
141                   in Nevada (*Nevada NEM Report*). An independent consulting firm, Energy and  
142                   Environmental Economics (E3), conducted the analysis under the direction of the PUCN,  
143                   with input from a stakeholder advisory group composed of experts from the solar  
144                   industry, ratepayer advocates and electric utility representatives.<sup>3</sup>

145                   E3 evaluated NEM costs and benefits from five different perspectives to provide a  
146                   comprehensive assessment. Specifically, E3 used the five “cost tests” as defined in the  
147                   California Standard Practice Manual.<sup>4</sup> “These tests are typically applied when assessing  
148                   the cost-effectiveness of distributed resources and reflect the industry standard used in all  
149                   50 states.”<sup>5</sup> E3 also conducted several sensitivity cases, including the following:  
150                   including avoided distribution costs, considering different residential rate design,  
151                   considering demand charge reductions and changing large-scale solar PPA prices.<sup>6</sup>  
152                   Additionally, E3 provided stakeholders with spreadsheet tools to allow stakeholders to  
153                   modify assumptions<sup>7</sup> and review the cost test results of customized sensitivities.

---

<sup>3</sup> Energy and Environmental Economics, *Nevada Net Energy Metering Impacts Evaluation* (prepared for the State of Nevada Public Utilities Commission, July 2014), page 1, available at [http://puc.nv.gov/uploadedFiles/pucnvgov/Content/About/Media\\_Outreach/Announcements/Announcements/E3%20PUCN%20NEM%20Report%202014.pdf?pdf=Net-Metering-Study](http://puc.nv.gov/uploadedFiles/pucnvgov/Content/About/Media_Outreach/Announcements/Announcements/E3%20PUCN%20NEM%20Report%202014.pdf?pdf=Net-Metering-Study) (hereinafter *Nevada NEM Report*).

<sup>4</sup> *Id.* at 3. The five costs tests are the participant cost test, the ratepayer impact measure, the utility cost test, the total resource cost test and the societal cost test.

<sup>5</sup> *Id.*, footnote omitted.

<sup>6</sup> *Nevada NEM Report*, pages 14-20.

<sup>7</sup> *Id.*, page 22. Assumptions that can be modified in the publicly available spreadsheet tools include utility rates through 2041, energy costs through 2041, distributed PV penetration levels through 2016, installed costs of distributed PV systems, useful life of PV systems and discount rates.



154 I have not reviewed the E3 report in detail but highlight it because it is the most  
155 recent example of a comprehensive NEM evaluation process that allowed for stakeholder  
156 input and provided transparency regarding inputs, calculations and methodology. This is  
157 the type of process, transparent, third party with stakeholder participation that Utah  
158 should implement for evaluating the costs and benefits of net metering in Utah.

159 **Q: The Office raises conceptual concerns with Clean Power Research’s value of solar**  
160 **analysis, which you presented in your direct testimony. What is your response to**  
161 **these concerns?**

162 A: I appreciate that the Office took the time to review the CPR analysis and provide  
163 feedback within the limited timeframe allowed by the schedule for the current docket. I  
164 believe that a Commission process that includes time for technical conferences,  
165 information sharing and collaboration would provide an appropriate forum for parties to  
166 address the concerns the Office raises productively and thoroughly. Mr. Gimble also  
167 wonders whether consideration of certain categories of costs and benefits exceeds the  
168 Commission’s statutory authority. I believe this is a concern that would also be  
169 appropriate to address in a separate net metering docket.

170 **CONCLUSION**

171 **Q: Please summarize your conclusions and outline the position of Utah Clean Energy.**

172 A: First, it is the position of Utah Clean Energy that no NEM fee may be  
173 implemented prior to comprehensive cost-benefit analysis with stakeholder input. I  
174 disagree with Mr. Walje’s assertion that the Company has provided any NEM cost  
175 benefit analysis and doubt that the forthcoming public witness hearing will provide  
176 meaningful stakeholder input on the very technical issue of NEM costs and benefits.

177                   Second, I recommend that the Commission initiate a comprehensive investigation  
178 into the costs and benefits of net metering in Utah. This process would benefit from the  
179 recommendations provided by the Office in rebuttal testimony as well as the additional  
180 recommendations I suggest here: a process facilitated by a neutral party, independent  
181 technical analysis and technical conferences with experts in distributed solar valuation.

182 **Q:       Does that conclude your testimony?**

183 **A:               Yes.**