



PublicService Commission <psc@utah.gov>

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1 message

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Salt Lake City, UT
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Dear Commissioners:

I first would like to thank you for starting this process of considering the appropriate analytical approach to evaluating the costs and benefits of PacifiCorps' Net Metering Program. The comments received to date indicate how complex the issue is, and how important it is to get it right at this early stage of the growth of distributed generation. They have already begun to clarify the issues and to move the discussion forward, a process the Technical Conferences should further.

I also appreciate the opportunity to respond to the initial round of comments. I would like to make several specific comments with regard the comments entered by February 6. My comments on distributed generation are keyed primarily to solar net meter systems.

1. I agree with the company that one cannot "evaluate DG using traditional costs and benefits DSM tests," and many of the comments point out the inherent shortcomings. However, I feel it is incorrect to suggest that DG is simply a supply mode and thus can be evaluated in the same way as the company's supply. The traditional DSM tests take into account that the company is only one actor in the energy market. And from that perspective, DG reduces the demand for energy from the company and so can be evaluated from a demand management perspective, e.g. reducing the company's needed capacity, especially peak load capacity. From a societal perspective, DG may not reduce total energy demands, but that suggests the importance of taking into account other factors such as the externalities of DG compared with the heavy fossil fuel reliant production by the company. That is another reason that treating DG the same as company supply is incorrect. Thus assessing costs and benefits of net metering is essential, though it is also more complex than the traditional DSM options.

2. I think that the process and comments have already shown a need to move beyond earlier assessments of the costs and benefits of NEM. The effort to establish the proper analytical framework is a recognition of this fact and it is clear that a much wider range of costs and benefits should be brought into the calculation. RMP's comments on elements of the strengths and weaknesses of the various traditional measures is helpful in this regard and seems to recognize the inadequacy of treating DG as the same as its own supply. I also appreciate that they note that some externalities have been included in earlier analyses, suggesting the feasibility, and desirability, of doing the same in this case.

3. I appreciated the comments of UCARE, UCE Sierra Club, and TASC on the various analytical challenges of this undertaking, and their references to the work that has been done to date. The Table of benefits on pp. 13-14 in the UCE study is quite helpful, again

showing the complexity of the issue. A similar table of the costs, many of which are mentioned in these responses, would also be helpful in indicating the breadth of the issues.

4. UCE's response to Question 3 on the definition of net metering seeks to clear up the muddle around that issue. It seems to me to add to it. They offer separate definitions of "customer-generated electricity" and "excess customer-generated electricity," yet both describe excess customer generated electricity. So their source must be less than clear. Their argument is to examine only the costs of electricity supplied to the system beyond the meter. This is correct. However, it overlooks the fact that there is a benefit to the electricity being consumed on the customer side of the meter, as seen most clearly when that consumption diminishes the peak load that the utility must satisfy. With reference to the utility's load study, this indicates the importance of measuring gross consumption, particularly at times of peak load. If I recall correctly, only some 47 of the 61 households in their load study have production side meters, suggesting the need to find better ways of measuring gross consumption.

5. Finally, I had difficulty understanding the stance taken by the OCS. According to the 2014 Annual Report of the Public Service Commission "The Director, on behalf of the Office, represents the interests of residential and small commercial consumers. The Committee of Consumer Services now exists as a nine-member layperson board as part of the Office to advise it regarding utility rate changes and other regulatory actions on residential, small commercial and irrigator customers and to help establish policy objectives." Net meter households in general are consumers as well as producers of electricity. Yet I get the sense that OCS sees them simply as producers, competing with RMP and shifting costs to other consumers. For example, in asserting that costs and benefits should be quantifiable-I'm not sure who would disagree- they end with "It would not be appropriate to require the Company to prove benefits it does not believe exist." The statement surprises me, especially since this process was initiated because the Company could not prove the **costs** that it believed net metering entailed. Similarly, the resistance to considering externalities would seem to understate the importance of changing the mix of electricity generation for all customers and to establishing policy objectives in that regard. While I agree that externalities should be taken into account not only in net metering considerations, but also in the IRP, etc. the opportunity to establish an analytical framework that has been provided by this proceeding is ideal for moving that policy objective along. Externalities are gradually being introduced into this universe, e.g. the regional haze restrictions that have been taken into account in the IRP due to proposed government regulations on carbon emissions. This process will in turn affect the IRP because, for example, a surcharge on net metering customers would affect the growth of DG that has been incorporated in the IRP. Again, I agree with much of the OCS submission, e.g. the inadequacy of traditional DSM criteria and the need to consider gross consumption; I would hope that the dual nature of net metering households can become part of their perspective.

Thank you for the opportunity to comment and once again, I commend the Commission for undertaking this process. I think its benefits will be substantial.

Sincerely,

Kenneth P. Jameson
Independent Economist
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