



- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

**In the Matter of the Investigation of
the Costs and Benefits of PacifiCorp's
Net Metering Program**

Docket No. 14-035-114

UCARE - Reply Comments

Pursuant to the *Notices of Comment Period and Scheduling Conference* issued by the Commission on November 21, 2014, and in response to the Commission's invitation for "comments by interested parties on whether the traditional costs and benefits test equations...and metrics...used to evaluate utility-sponsored demand side management programs can and should be applied to examining the costs and benefits of PacifiCorp's net metering program," Utah Citizens Advocating Renewable Energy (UCARE) submits the following reply comments, filed online on Friday, February 20, 2015, for consideration by the Commission and other interested parties.

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UCARE appreciates the opportunity to submit these reply comments for the purpose of addressing points of agreement and disagreement with fellow parties to this docket as the Commission considers the process for constructing an analytical framework for the investigation of the costs and benefits of PacifiCorp's net metering program.

This reply comment covers several, but not all, areas and questions of interest to UCARE. The fact that some docket components and attendant issues are not addressed in this document does not necessarily mean that UCARE considers those items of lesser significance or relevance to this docket.

Having reviewed initial comments filed by fellow parties to docket #14-035-114, UCARE provides the following reply by specified categories. In this document, the Public Service Commission is referred to as the "Commission," PacifiCorp and Rocky Mountain Power are referred to collectively as the "Company," the Division of Public Utilities is referred to as the "Division," and the Office of Consumer Services is referred to as the "Office."

Scope of the Study

On the question of whether to include both residential and non-residential customer subsets of PacifiCorp's net metering program in the costs-benefits study, UCARE believes that the legislative mandate and Commission order call for nothing less than a complete study. Neither entity placed limitations on inclusion of the net metering population.

We disagree with the Division's contention that "this docket should address the net metering program for residential customers only..." because the docket "is the result of a contested fixed facility charge for residential net metered customers." UCARE is reminded that objectives of Docket # 13-035-184 were set to accommodate the Company's proposed general rate case that included a solar surcharge. However, the objectives of Docket # 14-035-114 were set by the legislature and the Commission to examine PacifiCorp's net metering program. We dismiss as inaccurate the argument that Docket # 14-035-114 is merely an extension of Docket # 13-035-184.

At the same time, we thank the Company, the Division, and the Office for introducing additional reasons to include non-residential as well as residential net metering customers.

In its February 6, 2015 comment, the Company stated that it may, in future, seek to modify non-residential rates and change excess generation credit options under Schedule 135 pending an analysis of costs and benefits. UCARE suggests that a thorough analytical framework and investigation under the current docket could provide information sufficient to obviate the need for, and expense of, an additional study.

The Division expressed concern that due to currently low levels of residential NEM penetration, data generated by the costs-benefits study may not produce enough useful information. UCARE contends that inclusion of non-residential NEM customers would significantly increase the body of data to which the Commission's analysis could be applied.

In its discussion of DSM test shortcomings, the Office correctly notes that "[a]s solar projects affect industrial, commercial and residential classes, class specific analysis is needed to understand

intra-class impacts of net-metering programs." A thorough investigation of the entire net metering program now would undoubtedly provide useful intra-class impacts information.

Status of Externalities

In our review of initial comments filed by February 6, 2015, UCARE is encouraged that no party has taken the position that, with regard to electrical energy generation, externalized costs do not occur, externalized costs cannot be quantified, or that externalized costs are irrelevant to a costs-benefits analysis of net metering programs.

To its credit, the Company's comments acknowledged that externalities have value since they are, in some cases, combined with other factors in determining the cost effectiveness of DSM measures. Additionally, UCARE shares the Company's expressed concern for low-income customers and hopes that the Commission's examination of net metering will shed light on how health, economic, and environmental costs associated with fossil-fueled electricity production are shifted from the utility rate making calculus to those least able to pay for those costs.

We are pleased with the Division's statement that it "does not disagree that roof top solar provides benefits to the utility, other rate payers, or society at large." Nor does UCARE disagree with the Division's point that "benefits provided by the renewable resource come with associated costs, both monetary and societal." We believe it is in the long-term interests of the utility, rate payers, and the public for all relevant factors to be fully examined within the aegis of the current docket.

UCARE disagrees with the Division's position that "[s]ocietal benefits are not easily valued...and create a great deal of controversy" and, therefore, should be excluded from the proceedings of this docket. While the quantification and monetizing of some externalized costs and benefits may prove challenging, the means already exist for valuing others with relative ease. The valuation of some grid costs and benefits may also prove challenging, but this is a weak excuse for ignoring those factors as well.

The Division and the Office have both suggested that the consideration of social [externalized] costs requires specific legislation and, perhaps, the Commission's establishment of a separate docket dedicated to that sector of the net metering costs-benefits inquiry. UCARE, to the contrary, contends that additional legislation would be required to exclude any costs-benefits factor(s) from the net metering study, since neither the legislature nor the Commission called for anything less

than a thorough investigation. Any diminution of the Commission's mandate in this context should be authorized by the legislature.

Costs-Benefits Tests

We are pleased that the Company, the Division, and the Office agree that the traditional set of DSM costs and benefits test equations identified in the Commission's November 21, 2014 "Notices of Comments Period and Scheduling Conference" for Docket #14-035-114 will not be adequate to the net metering costs-benefits assessment task now before the Commission. We agree with the Company and the Division that the DSM test set may be helpful, but also agree with the Office that the Commission should develop criteria independent of the traditional test set. Similarly, the Social Cost Test (SCT) may be helpful although it too, from our perspective, requires modification.

UCARE feels that parties to this docket have already provided references to a wealth of scientific studies and assessment reports from which can be drawn model designs that will strengthen the Commission's analytical framework. We are encouraged by the Division's desire to vet relevant costs-benefits studies and models.

UCARE agrees with Utah Clean Energy, TASC, and Sierra Club that implementation of the costs-benefits analysis be conducted by an independent third-party selected through a process deemed appropriate by the Commission.

Technical Conferences

TASC, Utah Clean Energy, and UCARE have proposed workshops and technical conferences that would address important topics to consider in shaping the inquiry. UCARE supports the examination of these and other topics suggested for consideration in technical conferences that will inform the Commission's analytical framework. The March 16, 2015 meeting should allow time for discussion of potential conference topics, the extent to which each topic merits a separate tech conference, which topics can be either combined in a conference or be incorporated into multiple conferences, and the optimum sequence for addressing topics in the tech conferences.

UCARE agrees with Utah Clean Energy, TASC, and Sierra Club that engaging the services of an independent facilitator for the workshops and conferences would likely result in a more collaborative process.

Preparatory Guidance

UCARE agrees with the Office, TASC, and Sierra Club that the process of planning and constructing an analytical framework for Commission's net metering program study would benefit from specific guidances from the Commission at its earliest convenience: perhaps during the March 16, 2015 meetings.

The Office has stated that it "believes that efficiency and fairness would best be served for the Commission to clearly indicate what path, if any, must be followed if any party would like to pursue the inclusion of externality values." UCARE agrees that it would be useful to have this guidance early in the process, not only to facilitate development of testimony concerning externality values, but to inform case preparation for all items that parties intend to use in the evidentiary hearings.

UCARE supports requests from TASC and Sierra Club for guidance on how issues of factual dispute will be handled. UCARE would like to know what criteria will be employed to define the scope of factual disputes, what will be the bar(s) for evidence, and when these decisions will be made.

UCARE thanks the Commission for its kind attention to the points raised in this reply comment.

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Submitted for UCARE by Stanley T. Holmes
on 2-20-2015