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**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**

**INTERSTATE RENEWABLE  
ENERGY COUNCIL, INC.'S  
RESPONSE TO ROCKY  
MOUNTAIN POWER'S LEGAL  
BRIEF IN ADVANCE OF THE  
DEADLINE FOR DIRECT  
TESTIMONY**

Pursuant to the First Order Amending Scheduling Order and Notices of Workgroup Meetings, Hearing and Public Witness Hearing, the Interstate Renewable Energy Council, Inc. (IREC) hereby submits this Response to Rocky Mountain Power's Legal Brief in Advance of the Deadline for Direct Testimony, filed in this docket on May 6, 2015.

IREC's comments and our engagement in this docket draw directly from our experience working on solar and net metering valuation nationally, as well as our historical engagement in Utah, and we appreciate the opportunity to provide these comments. As indicated in IREC's Petition to Intervene in this docket, filed on April 9, 2015, IREC is currently or has recently been engaged in net metering and solar valuation dockets in Nevada, Arizona, Colorado, California, Iowa, Oregon, Ohio, and New York. In addition, and as mentioned in our petition, IREC published *A Regulator's Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation*<sup>1</sup> (see Attachment A – submitted electronically with this filing to avoid duplication of

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<sup>1</sup> Available at [www.irecusa.org/a-regulators-guidebook-calculating-the-benefits-and-costs-of-distributed-solar-generation](http://www.irecusa.org/a-regulators-guidebook-calculating-the-benefits-and-costs-of-distributed-solar-generation).

existing hard copies previously filed February 6, 2015<sup>2</sup>), which may provide a helpful overview and insight for parties on issues relating to this docket. IREC's intent in publishing the *Regulator's Guidebook* was to "assist state utility commissions and other regulators as they consider distributed solar generation (DSG) valuation studies and the fate of Net Metering, Value of Solar Tariffs or other programs or rate designs."<sup>3</sup> Within the report, we present several key questions for regulators and other stakeholders to explore at the onset of any DSG study or cost-benefit analysis, which may be valuable for the Commission and involved parties to review and consider in the context of this docket and the current working group efforts.<sup>4</sup>

With this additional context in mind, IREC appreciates the opportunity to provide more specific comments in response to Rocky Mountain Power's Legal Brief in Advance of the Deadline for Direct Testimony filed on May 6, 2015.

IREC agrees with Rocky Mountain Power that the plain language of Section 54-15-105.1 directs the Commission to determine the benefits and costs of net metering to the utility and its customers, and weigh them against each other.<sup>5</sup> IREC does not agree, however, that this basic statutory language offers any more guidance to the Commission regarding which benefits and costs should be evaluated.<sup>6</sup> Instead the Commission has the authority to determine which benefits and costs are appropriate for consideration, and what methodologies should be used to

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<sup>2</sup> See Sierra Club Initial Comments on Analytical Framework, Exhibit B. Docket 14-035-114 (In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program). Filed with the Utah Public Service Commission on February 6, 2015.

<sup>3</sup> Keyes, Jason and Karl Rábago. *A Regulator's Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation*. Interstate Renewable Energy Council, Inc. October 2013. Pg. 7. [hereinafter *IREC's Regulator's Guidebook*]

<sup>4</sup> See *id.* at 14-17.

<sup>5</sup> See RMP Brief at 2-3.

<sup>6</sup> See *id.* at 3-7.

value those benefits and costs. In addition, IREC believes that the current, collaborative working group process is an appropriate forum for parties to work through these issues in order to determine areas of consensus and disagreement to help narrow the issues requiring Commission decision.

Fortunately, several other regulatory commissions have undertaken similar exercises, and the Commission and the working group can rely on these efforts in other states to inform their discussions. While IREC agrees with Rocky Mountain Power that the *results* of other states' solar valuation exercises are not necessarily relevant in Utah, we urge the Commission to distinguish these from the underlying *methodologies and assumptions* used in those studies. Drawing from our national experience working in over 20 states and with numerous utilities and stakeholders on the issue of DSG valuation, and as noted in the *Regulator's Guidebook*, IREC has determined that while there is considerable "variation in the purposes, assumptions and approaches in DSG valuation and cost-benefit studies, the body of published work on DSG valuation offered some important insight about best practices via a meta-analysis."<sup>7</sup>

The frameworks used in other states' studies, including specifically the categories of benefits and costs evaluated in those studies, offer insight into other states' rationales for how they went about their analyses, which could inform the stakeholder discussions and the Commission's decisions about the appropriate path in Utah. In particular, IREC directs the Commission's attention to one of Utah's neighbors, Nevada, which recently completed a benefit-

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<sup>7</sup> *Id.* at 6.

cost study informed by input from a working group that included both IREC and NV Energy (among other parties).<sup>8</sup>

In addition, we refer the Commission to the various benefits and costs identified in the *Regulator's Guidebook* that could be considered for inclusion in Utah's assessment. The *Guidebook* provides a detailed evaluation of the reasons for including or excluding them, and the potential methodologies employed for assessing them. These include methodologies for valuing harder-to-quantify benefits and for calculating benefits accruing over the lifespan of solar generation facilities. As noted in the report, "the evaluation of the cost effectiveness of a given DSG policy, particularly net metering, is a complex undertaking with many potential moving parts. Before delving into the specific benefits and costs, it is important to recognize that the ultimate outcome of any analysis is highly dependent on the base financial and framework assumptions that go into the effort."<sup>9</sup> As such, IREC believes that "it is important to develop a common set of base assumptions that reflect the resource being studied and to be as transparent as possible about these assumptions when reporting the results of the analysis."<sup>10</sup> Lastly, and perhaps most importantly, "we suggest that transparent input models accessible to all stakeholders are the proper foundation for confidence and utility of DSG studies."

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<sup>8</sup> Energy + Environmental Economics, *Nevada Net Energy Metering Impacts and Evaluation* (July 2014), available at [http://puc.nv.gov/uploadedFiles/pucnv.gov/Content/About/Media\\_Outreach/Announcements/Announcements/E3%20PUCN%20NEM%20Report%202014.pdf?pdf=Net-Metering-Study](http://puc.nv.gov/uploadedFiles/pucnv.gov/Content/About/Media_Outreach/Announcements/Announcements/E3%20PUCN%20NEM%20Report%202014.pdf?pdf=Net-Metering-Study).

<sup>9</sup> *Id.* at 14-15.

<sup>10</sup> *Id.* at 17.

Once the Commission has established a valuation framework, IREC fully supports the use of data inputs specific to Utah in order to obtain results relevant to Utah. However, we believe it premature for the Commission to issue an Order on this matter prior to the conclusion of the working group efforts and accompanying settlement discussions, and in advance of any testimony or exhibits being filed.

Finally, IREC notes that Section 54-15-105.1 includes consideration of both residential and non-residential net-metered systems by referring generally to the benefits and costs of Utah's "net metering program." To the extent Rocky Mountain Power or other parties wish to make arguments about limiting the evaluation to residential net-metered systems, IREC suggests that these conversations should occur within the working group or the formal testimony and hearing process.<sup>11</sup> IREC further notes that we are not aware of any state that has conducted a net metering or distributed solar valuation study and excluded non-residential customers from its analysis.

IREC appreciates the opportunity to submit this response. We look forward to continuing to discuss these issues with Rocky Mountain Power and the other parties in this docket.

Respectfully submitted on this 27th day of May, 2015.

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<sup>11</sup> See RMP Brief at 7.

## CERTIFICATE OF SERVICE

I hereby certify that I will cause a true and correct copy of the foregoing **INTERSTATE RENEWABLE ENERGY COUNCIL, INC.'S RESPONSE TO ROCKY MOUNTAIN POWER'S LEGAL BRIEF IN ADVANCE OF THE DEADLINE FOR DIRECT TESTIMONY** to be filed with the Utah Public Service Commission on May 27, 2015, and to be served via email on that day upon the following persons:

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Dated May 27, 2015, at Salt Lake City, Utah.

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