

APPENDIX A

Abstract

On March 19, 2015, the Public Service Commission of Utah (Commission) issued its First Order Amending Scheduling Order and Notices of Workgroup Meetings, Hearing and Public Witness Hearing. Parties at the Scheduling Conference agreed to form an informal workgroup led by the Division of Public Utilities (Division) to discuss various topics including the topics identified in the Commission's "Notice" dated March 9, 2015.¹ These workgroup sessions were intended to be a presentation of facts and not a forum for advocacy.

¹ See <http://psc.utah.gov/utilities/electric/elecindx/2014/documents/26424814035114n.pdf>.

Introduction

The Commission proposed informal workgroups to cover certain topics of interest to the Commission, which were open to alternate recommendations made by the parties. The workgroup adopted the suggested topics as a starting point to proceed in discussions. Those topics as proposed by the Commission were:²

1. Applicability, modification, and usefulness of the traditional demand side management costs and benefits test equations. This workgroup could discuss the applicability of each test to the statutory language of Utah Code Ann. § 54-15-105.1. Topics this workgroup could discuss include the perspective and purpose of each test; specification of the equations; identification of inputs (recognizing that consensus on inputs may be unlikely, but more likely on the issue of where an input would fit into the equation if it is used); inclusion of costs and benefits to the Utah jurisdiction from changes in inter-jurisdictional cost allocation factors due to the net metering program, the source of inputs and the extent to which they are obtainable, quantifiable, and supportable; the proper time period for evaluation; and the need for threshold or sensitivity analysis.
2. Net metering program impacts on the distribution system. This workgroup could discuss incremental impacts on the distribution system due to the net metering program and the interrelationship between the distribution system and the net metered customers.
3. Adapting an avoided cost model to evaluate net metering program benefits. This workgroup could discuss the differences in operational characteristics between distributed generation and utility scale generation, potential differences in objectives between avoided costs under PURPA and net metering program benefits under Utah Code Ann. § 54-15-105.1, and whether any adjustments would be necessary to apply PURPA avoided costs in the net metering context.
4. Integrated Resource Planning Perspective. This workgroup could discuss potential differences in the value of net metering program benefits depending on the extent to

² Ibid at p. 3.

which the program reduces PacifiCorp's capacity needs and decremental energy costs, and how any adopted analytical framework could incorporate this factor.

Workgroup Sessions

The Division conducted four workgroup sessions to address the topics suggested by the Commission in its March 9, 2015 Order and other concerns opened for discussion by the parties. The workgroup sessions consisted of public meetings to begin the day and intervenor only settlement discussion following the public meetings. Notices, agendas, and requests for presentation materials were sent out to the parties approximately two-weeks before the scheduled session when possible. The Division developed and filed with the Commission an agenda for each workgroup session seven days before the respective session. The following summarizes the topics of discussion and presenters for each of the four workgroup sessions.

Workgroup Topics of Discussion

Workgroup I

Utah Clean Energy - UCE

Rick Gilliam | Vote Solar

Ben Norris | Clean Power Research

*"Solar Characteristics, Impacts of Solar on Distributed Generation,
Difference Between Utility Scale and Distributed Generation"*

The Alliance for Solar Choice - TASC

Pamela Morgan | EQ Research

"Incorporating Distributed Generation into Distributed System Planning"

Rocky Mountain Power - RMP

Douglas Marx | RMP

"The Impacts of Net Metering on The Distribution System"

Workgroup II

Rocky Mountain Power - RMP

Ted Drennan | RMP

"Overview of How Distributed Generation is Reflected in IRP"

Rocky Mountain Power - RMP

Paul Clements | RMP

"Overview of How Solar is Valued for Avoided Costs"

Utah Citizens Advocating Renewable Energy - UCARE

Stan Holmes | UCARE

"Net Metering: The Range of Cost-Benefit Factors" and "PacifiCorp's 2015 IRP and The Valuation of Net Metering in Utah"

Interstate Renewable Energy Council - IREC

Jason Keyes | IREC

"Avoided Costs and Costs of Service"

Sierra Club

Dr. Thomas Vitolo | Synapse

"Avoided Costs Associated with Distributed Generation and The Intersection of DG Valuation and Integrated Resource Planning"

Workgroup III

Utah Clean Energy - UCE

Tim Woolf | Synapse Energy Economics

"Cost-effectiveness tests for net metering and assessments of rate impacts"

Rocky Mountain Power - RMP

Joelle Steward | RMP

"Overview of PSC adopted DSM tests"

Workgroup IV

Rocky Mountain Power - RMP

Joelle Steward | RMP

"Overview of Cost of Service and Price Design"

Sierra Club

Melissa Whited | Synapse Energy Economics

"Rate Design: Options for Addressing NEM Impacts"

Office of Consumer Services- OCS

Michele Beck | OCS

"Rate Design Challenges Created by Net Metering"

Results of the Workgroup Sessions

The presentations, throughout the course of the workgroup sessions, addressed the suggested topics of discussion offered by the Commission. The workgroup participants came away with a better understanding of the various parties' positions and understanding of key components of net metering Distributed Generation (DG) and its impacts on the utility's distribution systems and other non-net metering customers. The participants recognized that there are different types of DG resources but agreed that this docket will consider only Photo Voltaic (PV) solar resources.

Workgroup sessions I and II helped provide a basic understanding of the utility's system, solar net metering systems, and system impacts. Parties also discussed different approaches to valuing costs and benefits to the utility and users.

During Workgroup III, the parties offered and discussed numerous costs and benefits associated with DG. However, little if any consensus could be achieved as to the relevancy of the costs and benefits or from whose perspective the costs and benefits should be weighed. That is, should they be viewed from the utility's perspective, customer's perspective, or Utah citizens' perspective? This was before the Commission's July 1, 2015 Order.³ The participants could not reach a conclusion about the relevance of the

³ See <http://psc.utah.gov/utilities/electric/elecindx/2014/documents/26728314035114orcolosiaodmts.pdf>.

Commission approved Demand Side Management (DSM) tests or how they might be modified to be applicable and useable to the net metering program.

Between Workgroup III and IV, the Commission issued its “Order RE: Conclusions of Law on Statutory Interpretation and Order Denying Motion to Strike on July 1, 2015 for this docket”. Among other things, the Commission ordered that “the relevant costs and benefits are those that accrue to the utility or its non-net metering customers in their capacity as ratepayers of the utility.”⁴

Workgroup participants were unable to determine what sort of analytical framework the Commission seeks in this docket. The participants were never certain whether the framework was to include all net metering customers or only residential roof-top solar customers. Other questions about the Commission’s goals were raised as well. As a result of this confusion, it was not clear what the goal of the workgroup sessions should be. Whether the group’s failure to reach any real agreement is due to this fact is uncertain.

⁴ See Commission’s “Order RE: Conclusions of Law on Statutory Interpretation and Order Denying Motion to Strike” at p. 17.

Presentation References

Workgroup I, April 25, 2015

Gilliam, Rick & Norris, Ben (2015, April 27). *Solar Characteristics, Impacts of Solar on Distributed Generation, Difference Between Utility Scale and Distributed Generation*. Utah Clean Energy. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Morgan, Pamela (2015, April 27). *Incorporating Distributed Generation into Distributed System Planning*. The Alliance for Solar Choice. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Marx, Douglas (2015, April 27). *The Impacts of Net Metering on The Distribution System*. Rocky Mountain Power. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Workgroup II, May 12, 2015

Drennan, Ted (2015, May 12). *Overview of How Distributed Generation is Reflected in IRP*. Rocky Mountain Power. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Clements, Paul (2015, May 12). *Overview of How Solar is Valued for Avoided Costs*. Rocky Mountain Power. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Holmes, Stan (2015, May 12). *Net Metering: The Range of Cost-Benefit Factors and PacifiCorp's 2015 IRP and The Valuation of Net Metering in Utah*. Utah Citizens Advocating Renewable Energy. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Keyes, Jason (2015, May 12). *Avoided Costs and Costs of Service*. Interstate Renewable Energy Council. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Vitolo, Dr. Thomas (2015, May 12). *Avoided Costs Associated with Distributed Generation and The Intersection of DG Valuation and Integrated Resource Planning*. Sierra Club. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Workgroup III, June 27, 2015

Wolf, Tim (2015, June 27). *Cost-Effectiveness Tests for Net Metering and Assessments of Rate Impacts*. Utah Clean Energy. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Steward, Joelle (2015, June 27). *Overview of PSC Adopted DSM Tests*. Rocky Mountain Power. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Workgroup IV, July 8, 2015

Steward, Joelle (2015, July 8). *Overview of Cost of Service and Price Design*. Rocky Mountain Power. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Whited, Melissa (2015, July 8). *Rate Design: Options for Addressing NEM Impacts*. Sierra Club. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.

Beck, Michele (2015, July 8). *Rate Design Challenges Created by Net Metering*. Utah Office of Consumer Services. Retrieved from State of Utah Public Service Commission. <http://psc.utah.gov/utilities/electric/elecindx/2014/14035114indx.html>.