

Jennifer Gardner (15503)
Western Resource Advocates
150 South 600 East, Suite 2A
Salt Lake City, Utah 84102
Telephone No. (801) 487-9911
Email: jennifer.gardner@westernresources.org

Attorney for Western Resource Advocates

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program</p>	<p>Docket No. 14-035-114</p>
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PREPARED SURREBUTTAL TESTIMONY OF

STEVEN S. MICHEL

ON BEHALF OF

WESTERN RESOURCE ADVOCATES

August 8, 2017

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Steven S. Michel. My business address is Western Resource Advocates, 409
3 East Palace Avenue, Unit 2, Santa Fe, New Mexico 87501.

4

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

6 A. I am testifying on behalf of Western Resource Advocates (“WRA”).

7

8 **Q. HAVE YOU ALREADY PROVIDED TESTIMONY IN THIS CASE?**

9 A. Yes, I submitted rebuttal testimony on July 25, 2017.

10

11 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

12 A. My surrebuttal testimony responds to the “NEM Joint Rebuttal Exhibit” (DPU Exhibit
13 1.1R) submitted on July 25, 2017 by the Division of Public Utilities (“Division”) and the Office
14 of Consumer Services (“Office”). That exhibit contains a comprehensive *Joint Proposal* to resolve
15 the issues in this docket.

16

17 **Q. WHAT IS YOUR RESPONSE TO THIS EXHIBIT?**

18 A. The Division and Office have undertaken the difficult task of proposing a path forward for
19 Utah solar DG. The proposal attempts to satisfy the many competing interests represented in this
20 docket, and I and my organization very much appreciate that effort. We can accept most of the
21 proposals set forth in that exhibit. There are, however, some components that I believe should be
22 clarified or modified. They relate to the measurement period, the transition period, the

23 grandfathering/certainly period, and the interaction between the compensation proceeding and a
24 future general rate case (“GRC”).

25

26 **Q. WHAT MODIFICATIONS OR CLARIFICATIONS WOULD YOU RECOMMEND**
27 **TO THE JOINT PROPOSAL, AND WHY?**

28 A. First, for the reasons I provided in my rebuttal testimony, the measurement period for small
29 customer imports and exports should be hourly rather than every 15 minutes. The transition to
30 hourly measurement by itself will be challenging, and small customers will find it difficult to
31 understand and adjust their behavior to 15-minute increments. This will be especially true if these
32 customers migrate to TOU rates, which are typically established on an hourly basis.

33 Second, while a 200 MW cap appears reasonable, there needs to be more clarity about what
34 happens if the cap is reached. Either the cap should be managed over time with incremental
35 adjustments to the export credit depending on the pace of installations (as described in my rebuttal
36 testimony), or an interim, lower export credit should be instituted from when the cap is reached
37 until the end of the transition period. That lower export credit level should be set now.

38 Third, the transition period should have a firm end date no earlier than December 31, 2021
39 (4+ years). The end of the transition should not depend upon installation amounts or the conclusion
40 of a compensation proceeding. The incentives to delay or accelerate those trigger points could
41 easily create regulatory difficulties and uncertainties. The reason I recommend at least four years
42 is that many customers and installers will need time to adjust to the new rate structure. New
43 technologies to manage usage and store energy can respond to the new structure, but that will take
44 time. A meaningful transition period of at least four years, preferably five years, is important.

45 Fourth, the *Joint Proposal* provides ranges for the grandfathering and certainty periods
46 during which NEM and transition customers will have their programs preserved. My opinion is
47 that there is value to having a single point in time when the certainty for both programs would end.
48 While WRA would prefer a certainty period through 2034, January 1, 2033 is within the proposed
49 grandfathering/certainty range proposed for both programs by the Division and Office.

50 Finally, I believe the Commission should indicate its intent not to consider mandatory
51 structural changes to the residential class until after the transition period. If, for example, a GRC
52 proposal in the midst of the compensation proceeding included demand charges or separate rate
53 classes, that could undermine the compensation proceeding goal of establishing an appropriate
54 export credit.

55

56 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

57 **A. Yes.**