

August 8, 2017
VIA ELECTRONIC FILING

UTAH PUBLIC SERVICE COMMISSION
Heber M. Wells Building
160 East 300 South 4th Floor
Salt Lake City, Utah 84111

RE: Docket No. 14-035-114, In the Matter of the Investigation of the Costs and Benefits of PacifiCorp' Net Metering Program

Dear Public Service Commission,

The Utah Solar Energy Association hereby submits for filing the Surrebuttal Testimony of Ryan Evans. Please send all formal correspondence and requests for additional information regarding this filing to the addresses below:

ASmith@hollandhart.com
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Sincerely,



Amanda Smith, Attorney for Utah Solar Energy Association

**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

SURREBUTTAL TESTIMONY OF RYAN EVANS

ON BEHALF OF

UTAH SOLAR ENERGY ASSOCIATION

August 8, 2017

1 **Q: Please state your name and business address.**

2 A: My name is Ryan Evans. My business address is 9690 South 300 West Suite 300, Sandy,
3 Utah 84070.

4 **Q. By whom are you employed and in what capacity?**

5 A: I am the President of the Utah Solar Energy Association.

6 **Q. On whose behalf are you testifying in this proceeding?**

7 A: The Utah Solar Energy Association.

8 **Q. Are you the same Ryan Evans who filed direct testimony on behalf of the Utah Solar
9 Energy Association in this proceeding?**

10 A. Yes, I am.

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The intent of my surrebuttal testimony is to address the July 25, 2017 rebuttal testimony
13 of Gary W. Hooegeveen on behalf of Rocky Mountain Power. Additionally my surrebuttal
14 testimony will address the joint proposal made by the Office of Consumer Services and
15 the Division of Public Utilities.

16 **Q: Do you agree with Gary Hooegeveen that the Company's proposal won't eliminate
17 customer choice for solar in Utah?**

18 A: No. The Company's proposal effectively eliminates customer for the vast majority of
19 Utahns because the economics and savings will not be there to justify the expense. As
20 has been referenced, similar rates to what the Company proposed in November were
21 implemented in Nevada. As a result of the new rates that significantly changed the
22 economics and cost savings for solar customers, new applications declined by 92% and

23 more than 2,500 rooftop solar jobs were lost in that state. (See Attachment A). We would
24 expect that Utah would also see significant layoffs and contraction of the market and
25 industry. The 92% reduction in new applications does indicate that similar rates in a
26 neighboring state did effectively eliminate customer choice. It is my hope that we can
27 learn from Nevada's example and find a better glide path forward that protects jobs and
28 allows for a smooth transition to a new rate structure for rooftop solar customers.

29 **Q. Specifically do you agree with Mr. Hoogveen's claim that the current framework**
30 **results in NEM customers paying less than their cost of service, increasing costs for**
31 **non-participating customers?**

32 **A.** No. Mr. Hoogveen's rebuttal testimony is a \$400 subsidy to each residential NEM
33 customer.¹ However, that figure is based on incorrect data regarding behind the meter
34 energy usage and fails to account for the data referenced by the many interveners in this
35 docket. If we were to use the Company's subsidy for arguments' sake, which USEA
36 does not believe is accurate given the testimony filed, this would equate to approximately
37 a \$4.61 cost shift to all other ratepayers per year or approximately \$0.38 per month. This
38 cost shift comes by, again not taking into consideration additional benefits of solar than
39 what the Company claims, and then assuming a very conservative 40% of the power
40 produced on a home is utilized behind the meter, reducing it to a \$223.80 subsidy.
41 Dividing that by all non-NEM customers gives you a \$0.38/month cost shift. It is
42 important for the Company to acknowledge that there are cost shifts throughout all rate
43 classes if the commission were to value any of the benefits submitted in various
44 testimonies, this number will be reduced even more.

¹ Hoogveen Rebuttal Testimony, Line 67.

45 **Q. Do you agree with Mr. Hoogeveen’s claims that because of the netting, non-**
46 **participating customers are paying NEM customers the retail volumetric rate for**
47 **excess power when that energy is available at much lower prices?**

48 **A.** No. Very simply put excess energy simply goes out to the power line in front of a NEM
49 customer’s house and, by the laws of physics, flows immediately into the nearest load,
50 usually a neighbor’s home. The neighbor gets the energy but they don’t know where it
51 comes from so it goes through their meter like grid supplied energy and they pay full
52 retail rate for it. The utility then recovers full retail value for the energy from the
53 neighboring customers for the energy generated by the NEM customer. Furthermore,
54 there may be lower cost energy available but there are costs associated with getting that
55 energy from one place to another and to generate that energy over time, which locally
56 produced solar energy does not have.

57 **Q. Do you agree with Mr. Hoogeveen’s claim that the Company’s proposal “actually**
58 **fosters a free market for energy pricing rather than forcing Utah’s electricity**
59 **customers to pay triple the wholesale price for energy exported to our system”?**

60 **A.** No. This proposal limits free market competition by imposing new and unfair fees solely
61 on NEM Customers. If it was truly a free market for energy pricing, then NEM
62 customers would be paid a fair value for the energy exported to the grid that is then
63 purchased by another customer. They would not be subject to discriminatory fees that
64 serve to reduce competition. A free market is a system in which the prices for goods and
65 services are determined by the open market and consumers, in which the laws and forces
66 of supply and demand are free from any intervention by a government, price-setting
67 monopoly, or other authority.

68 **Q. Do you agree with Mr. Hooegeveen's claim that the status quo should change to**
69 **achieve market parity and that in doing so a "private generation customer should be**
70 **paid for the exported energy at a rate that is competitive with what customers pay**
71 **other energy sources, instead of the current retail rate"?**

72 **A.** Yes and no. By that I mean that I don't think the current NEM program needs to change
73 because this is still a budding industry and the long term benefits of distributed solar will
74 far outweigh any potential small subsidy that currently exists. However, if change is
75 needed then I agree that a private generation customers should be paid for exported
76 energy at an appropriate rate. That rate of compensation should be determined by
77 looking at the value of that energy and the benefits it brings along with it over the
78 lifetime of a solar installation. If the value of solar energy from a customer's home is
79 determined to carry enough benefits to the grid, society, and the economy then I can see a
80 situation where above market rates is justified. Setting a price for a particular product at
81 above market rates can be justified if the delivery of the product is expedited, it carries
82 with it additional functions or benefits that a similar product has, or gives the purchaser
83 access to expertise of the selling company, for example.

84 **Q. Do you agree with Mr. Hogeveen's support for a proposal that would lower the con**
85 **the existing NEM program and implement a new program to support private**
86 **generation with a separate rate for exported energy and the proposal that the**
87 **Commission initiate a new proceeding to develop a methodology or formula for**
88 **calculating the compensation rate?**

89 **A** Yes and no. Again, I reiterate that I don't believe the current NEM program needs to
90 change immediately but if a change is to happen, I do support this general frame work by

91 which a customer can offset power purchases for what they generate on their own roof
92 and are compensated separately for exported energy at a rate determined by the initiation
93 of a new docket. Customers and the industry, however, should have ample and
94 appropriate time to adjust to any new rate structure for solar customers. Current
95 customers, in my opinion, should be grandfathered for up to twenty years from the time
96 they receive permission to operate because of their investment in a program that the State
97 of Utah implemented. Transitional customers should be paid a fair rate, netted on a
98 monthly basis, which will signal a change while the new docket determines the long term
99 rate structure for solar customers. Transitional customers should also be given assurance
100 that their investment will be protected for twenty years, or at the least fifteen years in
101 order for them to have enough stability to offset their upfront capital investment into the
102 grid.

103 **Q. The Division of Public Utilities (Division) and Office of Consumer Services (Office)**
104 **jointly filed rebuttal testimony that proposes a general structure for transitioning**
105 **away from net metering into a new rate structure for customer-owned distributed**
106 **generation (Joint Proposal). Do you support their joint proposal?**

107 **A.** Yes and no. The Utah Solar Energy Association, as an intervener in this docket,
108 appreciates the amount of time and consideration from both the Office and Division.
109 They have come a long way in understanding the dynamics of the solar industry and have
110 given considerable thought to ways to keep distributed solar a viable option for Utahns
111 while still ensuring that there is not a cost shift in the future from solar customers to non-
112 solar customers. I agree with much of what the Office and Division suggest but differ in

113 certain areas. I also agree that if we are to do away with the current NEM program, then
114 this type of a transition is acceptable.

115 **Q. When looking at OCS Attachment 1 in Ms. Beck's Rebuttal Testimony and further**
116 **testimony, do you agree with the terms and conditions for solar customers in the**
117 **section defined as "Statutory Net Metering"?**

118 **A.** Yes and no. I believe that current customers have made an investment into a State of
119 Utah created program and therefore should be protected for a minimum of twenty years.
120 Rather than have a date certain of January 1, 2035, I would recommend that all meters be
121 grandfathered twenty years from their Permission to Operate (PTO) and have a minimum
122 grandfathering period of ten years (for early adopters) from the date of a final ruling in
123 this docket. By grandfathering at PTO, any perceived risk will not be far off from the
124 risk at a seventeen year date certain grandfathering period. I agree with the remainder of
125 the provisions for current NEM customers.

126 **Q. When looking at OCS Attachment 1 in Ms. Beck's Rebuttal Testimony and further**
127 **testimony, do you agree with the terms and conditions for solar customers in the**
128 **section defined as "Transition DG Customers"?**

129 **A.** I do not agree with moving transitional DG customers from current policy to having their
130 exports measured on a 15-minute interval. This is a very large jump from netting
131 annually or monthly and, as stated in my filed Rebuttal Testimony, is not information
132 even available to current customers who only have access to monthly consumption data.
133 Furthermore, on an hourly basis, customers are more likely to understand and be
134 cognizant of how they are consuming energy when their solar panels are or aren't
135 producing energy. Furthermore, in order to return consumer confidence to rooftop solar,

136 given the uncertainty that currently exists as a result of the Company's filing, I believe
137 that Utah should protect transitional and future customers by ensuring them an export
138 credit rate set at 95% of retail electricity rates for at least fifteen years from PTO.
139 Currently, it takes the average NEM customer about 12-13 years to see a return on their
140 investment (ROI). It will be very difficult for Utah residents to justify investing in solar
141 technology if they aren't at least given some certainty in their rate structure for enough
142 time to see the return on investment. There are other situations where rates are set for
143 fifteen years, this should also be the case for DG customers who make significant private
144 investments to their home and grid. If the average system does take about 12-13 years
145 and, via settlement or Commission ruling, the savings decrease for DG customers, then it
146 is appropriate that we give them at least fifteen years of certainty so they can be assured
147 of seeing their ROI. Additionally, a fair and appropriate time and way to move from
148 current NEM to this transition would be to allow a ninety day period from the time of the
149 Commission's ruling for new customers to submit an interconnection application (but pay
150 the new upfront fee to limit "holding a place inline"). It would not be fair to have a
151 cutoff date for NEM customers based upon installation because of weather conditions,
152 municipal permitting and construction timelines. Also, because solar companies will
153 have no idea what a final ruling from the Commission will be, they will need at least 90
154 days to modify sales materials, model a change in netting periods, retrain employees to
155 ensure they provide accurate information, forecasting capital investments, etc. There is no
156 way a private sector business can pivot its entire operations in a very short period of time.
157 I agree with the suggested new upfront fee schedule and that Transition DG Customers
158 remain in their then-existing appropriate rate class.

159 **Q. Do you agree with the 200 MW cap suggested in this joint proposal?**

160 **A.** No. I agree that we can set a cap on residential and schedule 23 customers (customers
161 taking service on a rate schedule without a demand charge) at 200 MW of additional
162 installed capacity. I do not believe other commercial customers, those that feature a
163 demand charge, should be subject to this cap because of the controls currently in place,
164 the fact that most commercial schedules either overpay on their cost of service or are
165 significantly closer to the full cost of service (according to the Company's data), and
166 because the vast majority of energy, on average, that commercial customers produce is
167 consumed onsite (behind the meter) and because they still purchase a significant amount
168 of energy from the utility.

169 **Q. Do you support the joint proposal for Post Transition Customers and the**
170 **Compensation Proceeding?**

171 **A.** Yes.

172 **Q. Does this conclude your testimony?**

173 **A.** Yes

Certification:

Pursuant to Utah Code Ann. §78B-5-705, I declare under criminal penalty of the State of Utah that the foregoing is true and correct to the best of my knowledge.

Executed on August 8, 2017

A handwritten signature in black ink, appearing to be 'Ryan Evans', written over a horizontal line.

By:

Ryan Evans

