



Sustainability Division

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South
Salt Lake City, UT 84114

December 5, 2014

RE: Docket No. 14-035-T02: In the Matter of Rocky Mountain Power's Proposed Electric Service Schedule No. 32, Service from Renewable Energy Facilities

Dear Commissioners:

Thank you for the opportunity to participate in this docket and submit the following comments. Staff from the Salt Lake City Division of Sustainability has been participating in this docket throughout 2014 and appreciates the chance to discuss this new and potentially exciting clean energy opportunity.

Salt Lake City Corporation ("City") is a customer of Rocky Mountain Power ("RMP") and a significant consumer of electricity. The City has hundreds of electric meters that serve numerous types of municipal buildings, facilities, and other key operational functions. The City also has an interest in developing clean, renewable energy in order to provide for its energy needs and has developed numerous net-metered projects thus far to support that ambition.

The rate schedule under consideration in this docket, and the related state-level enabling legislation (Senate Bill 12), offer a potentially useful new avenue for the City to invest in clean energy sources. These investments would provide benefits to both City citizens and RMP ratepayers statewide. However, parties involved in this docket have expressed numerous points of concern with the rate schedule as currently proposed by RMP. This letter will address just two of these areas of concern, both of which relate closely to the City's interest in developing renewable energy for our operations.

Issue #1: Complexity and Administrative Costs Associated with Proposed Rate Schedule

The currently proposed rate schedule requires evaluating energy consumption and energy generation data on 15-minute intervals in order to create a net energy outcome for each meter. Through a series of numerous steps this process is used to derive a monthly customer bill and ultimately determines the value of renewable energy projects for customers. The proposed rate schedule results in a cumbersome process for RMP. The implications of this process are indicated in the October 9, 2014 rebuttal testimony of RMP's Mr. David Taylor:

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“RMP acknowledges that the administrative fee may serve as a barrier for some customers with multiple smaller delivery points. As indicated in my direct testimony, the administrative fee is intended to cover the cost of data collection and manual billing. The existing customer service billing system, established in 1995 was not programmed to accommodate complex billing of this type.”

RMP estimates this process will cost \$260 per meter per month. Beyond fiscal implications of the administrative fee, the process also results in a calculation that makes it difficult for customers to assess the economics of renewable energy projects under Rate Schedule 32.

In order to evaluate the economics of a project under Rate Schedule 32, customers need to know the generating profile of the proposed renewable energy source *and* the consumption profile of their facilities on 15-minute interval timescales. Detailed interval information is generally not readily available for most facilities, including the vast majority of meters owned by the City. The City has one meter that participates in the Energy Profiler Online program offered by RMP and this provides more granular data for this site. However, exporting interval data in a robust way to match against a renewable generation profile is not allowable with the current software. For facilities not currently leveraging Energy Profiler Online, or alternative propriety software, no level of interval data is readily available. Requesting this information from RMP for a variety of meters would be a time- and resource-consuming process for both the customer and the utility.

As noted by Mr. Taylor, the administrative fee may pose a barrier for some customers. In order to meet the 2 megawatt (MW) minimum generation requirement the City would need to aggregate numerous meters. This aggregation requires that for each facility the City needs to base its renewable energy potential on the *minimum* customer load during renewable energy generating hours in order to not over-generate. For example, a solar project would need to base its development on weekend and holiday electricity load for offices that operate under a typical 5-day work week. This requirement would lead to developing a small amount of renewable energy to serve that facility and simultaneously increase the necessity to aggregate multiple meter sites.

The City has evaluated the solar potential for the aforementioned metered site that utilizes Energy Profiler Online software. This site used just over seven (7) million kilowatt-hours (kWh) in 2013, but would only be suitable for roughly a 600 kilowatt (kW) solar array in order to not over-generate during weekend hours. This 600 kW solar installation would only generate around 12% of the facility's total annual electricity consumption. The installation would also fall far short of the 2 MW development minimum referenced by Senate Bill 12. Hence, the City would need to select additional sites and aggregate a sizable amount of meters in order to meet the 2 MW minimum. This aggregation would lead to cost-prohibitive charges related to Schedule 32. As an example, aggregating eight meters would result in a \$24,960 annual administrative fee.

Potential Resolution to Issue #1

As noted in the October 9, 2014 rebuttal testimony of Mrs. Sarah Wright from Utah Clean Energy, Rate Schedule 32 could be simplified by using general service rate schedules (e.g., Schedule 6, 8 and 9) as the foundation for how a customer is billed. Customers would then be provided an offset for energy charges in accordance with how much renewable energy is generated. Power charges

would also be reduced by a reasonable amount through a pre-defined capacity credit. Per the testimony of Mrs. Wright the alternative rate schedule would:

“Provide a reasonable capacity credit as an offset to customer bills in recognition of the capacity value of additional renewable energy facilities coming online on RMP’s system.”

In addition to greatly simplifying the process, reducing the burden on RMP administrative staff, and lowering associated billing costs, this modification would make the Rate Schedule far more approachable from a customer perspective. Evaluating the economics under this alternative scenario would not require rigorous comparisons of interval data for each customer meter. Having this alternative process available would ensure broader access to Rate Schedule 32 for large users of electricity that happen to have their demand spread across many meters.

It should be noted that renewable energy facilities offer value to the overall electric grid and ratepayers as a whole. By compensating renewable energy through a capacity payment that aligns with the value that each generation source brings to the system, renewable energy customers are properly incentivized to develop diverse energy assets in ways that benefit all customers. The proposed simpler, yet fair, method would encourage private investments aligned with a cleaner and more diversified electricity portfolio.

The alternative proposal is similar to Rate Schedule 32, as proposed, in many ways although it does deviate in terms of how it quantifies and compensates for capacity contributions. This deviation is proposed in order to allow simplification for all parties and more reasonable access to the types of renewable energy development cited in Senate Bill 12.

This alternative pathway is compatible with Senate Bill 12 as it would still allow a simple check-and-balance to verify that customers are not over-generating with renewable energy resources relative to their facility meters. Rather than requiring a rigorous 15-minute interval energy comparison and utility bill derivation for each location, RMP staff could base customer compliance on a moving scale of historic monthly load averages for each site. The low-end daily average for a facility that also coincides with generating hours for the renewable energy source would act as the upper-end for renewable energy generation potential. Some form of this simpler check-and-balance could be used to ensure compliance with the related enabling legislation. Rather than using a complex algorithm to determine billing costs, this alternative would use a simple approach rooted in existing general service rate schedules plus a reasonable capacity credit. There would still be administrative costs for this process, but they would be greatly reduced.

Additionally, this alternative rate schedule does not need to completely displace the methodology proposed by RMP. The currently proposed rate schedule and its suggested interval-based energy balancing process could prove accessible for customers with one, or slightly more than one, meter that uses a sizable amount of electricity. These very large facilities could prove a good match for certain renewable energy types while also not creating the burden of numerous monthly administrative charges for a single customer. The alternative, simpler rate schedule could coexist alongside RMP’s Rate Schedule 32 as proposed. This would ensure enhanced customer choice and better access for commercial customers wishing to leverage the renewable energy opportunities potentially created by Senate Bill 12.

Issue #2: Fair and Accurate Compensation for Power Demand Contributions

In Mr. Taylor's October 9, 2014 rebuttal testimony he argues that allowing the daily power charge to be calculated on an hourly level, as has been advocated in testimony related to this docket, is not an appropriate way to formulate a demand charge for a customer. Mr. Taylor argues that:

“At that level of granularity, the proposed “hourly on-peak shaping charge” ceases to be a demand related charge and simply becomes an additional kWh or energy charge billed during the on-peak period.”

Given that 15-minute interval meter data will be available and used to create the customer bill for the proposed Schedule 32 tariff, it is fair and reasonable that this information should be leveraged to compensate renewable energy in a more precise way that better reflects contributions to a customer's demand needs and the overall grid. Compensating for demand contributions on an hourly basis would accomplish just that.

This hourly demand charge does not necessarily add to billing costs incurred by RMP when administering Schedule 32. The rate schedule currently proposed by RMP requires calculations that deal with facility energy usage and renewable energy generation on a 15-minute interval basis. These calculations are used to formulate daily profile summaries that are then used to create a customer bill. The proposed hourly calculation would use the exact same data fields to convert energy profile information into a monthly bill. This hourly valuation process would use automatic calculations in much the same way that the proposed daily bill methodology leverages automatic calculations. In both cases interval data is quickly summed using pre-existing formulas to create a monthly customer bill.

Thank you again for the opportunity to comment on this potentially great new avenue to support customer choice and renewable energy in Utah. The City looks forward to the hearing on this docket and its associated results.

Sincerely,

Tyler Poulson
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Salt Lake City Corporation