BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of Rocky Mountain Power’s
Proposed Electric Service Schedule No. 34,
Renewable Energy Tariff

Docket No. 16-035-T09
UCE Exhibit 1.0 – Direct Testimony

DIRECT TESTIMONY OF SARAH WRIGHT

ON BEHALF OF

UTAH CLEAN ENERGY

DATED this 28th day of July, 2016

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Sophie Hayes
Attorney for Utah Clean Energy
INTRODUCTION

Q: Please state your name and business address.
A: My name is Sarah Wright. My business address is 1014 2nd Ave, Salt Lake City, Utah 84103.

Q: By whom are you employed and in what capacity?
A: I am the Executive Director of Utah Clean Energy, a non-profit public interest organization whose mission is to lead and accelerate the clean energy transformation with vision and expertise. We work to stop energy waste, create clean energy, and build a smart energy future.

Q: On whose behalf are you testifying?
A: I am testifying on behalf of Utah Clean Energy (UCE).

Q: Please review your professional experience and qualifications.
A: I am the founder and director of Utah Clean Energy. Through my work with Utah Clean Energy over the last 15 years, I have been involved in a number of regulatory dockets, including Integrated Resource Planning, rate cases, tariff filings, and other dockets relating to energy efficiency, renewable energy, and net metering.

I have 15 years of energy policy experience working on state, local, and national energy policy, providing expertise and policy support for renewable energy and energy efficiency. I have served on numerous energy policy working groups and taskforces, including the Energy Efficiency and Energy Development Committees supporting Governor Herbert’s Energy Task Force and Ten Year Energy Plan; the Governor’s Utah Renewable Energy Zone Task Force; Governor Huntsman’s Energy Advisory Council and Blue Ribbon Climate Change Advisory Council; Utah’s Legislative Energy Policy
Workgroup, and Salt Lake City’s Climate Action Task Force. Currently, I participate in
the Utah Clean Air Task Force and Energy Task Force convened by Envision Utah.

For 15 years prior to founding Utah Clean Energy, I was an occupational health
and environmental consultant, working on occupational health and ambient air quality
issues for a wide variety of commercial, industrial, and governmental clients across the
west. I have a BS in Geology from Bradley University in Peoria, Illinois and a Master of
Science in Public Health from the University of Utah in Salt Lake City.

OVERVIEW AND CONCLUSIONS

Q: What is Utah Clean Energy’s interest in this docket?
A: Utah Clean Energy prioritizes a more efficient, cleaner, and smarter energy future.

We envision and enable increased utilization of energy efficiency, distributed generation,
and utility-scale renewable energy. Utah Clean Energy supports customer choice and
providing customers who wish to do so with the opportunity to make investments in
renewable energy. We believe allowing customers to make their own investments in
renewable energy can provide benefits for all ratepayers over the long term. To that end,
Utah Clean Energy is generally supportive of the Company’s proposal to create Electric
Service Schedule 34.

Q: What is the purpose of your testimony?
A: The purpose of my testimony is to support the creation of Schedule 34, respond to
specific tariff components, and make recommendations that I believe will improve the
Company’s proposal and allow the tariff to work for customers, the Company, and other
ratepayers. As currently proposed, Schedule 34 will likely not work for most customers
who are interested in utilizing it, which has the effect of undermining the legislation enacted earlier this year to enable it.

Q: **Please provide a brief outline of your testimony.**

A: I address the following issues in order: 1) The proposed administrative fees are prohibitively high for customers who must aggregate meters to meet the five megawatt load threshold and are unjustified by the Company; 2) the tariff language regarding who may use a “different methodology” is overly prescriptive and may lead to unnecessary complications or unintended consequences; and 3) customers taking their energy pursuant to a renewable energy contract should not be subject to the energy balancing account adjustment rate schedule.

Q: **Please summarize your conclusions and recommendations.**

A: I make the following conclusions and recommendations:

- The Company must propose a reasonable administrative fee that is supported by evidence and sound rationale, and should take into consideration better billing practices and consideration of customers that must aggregate meters to meet the five megawatt (MW) threshold. Alternatively, administrative fees could be unique to each contract and approved by the Commission on a case-by-case basis.
- “Different methodologies” for calculating contract pricing should not be limited to new customers or new load. The enabling legislation made no such limitation, and limiting the tariff language in such a manner is unnecessary and potentially problematic. Utah Clean Energy offers alternative tariff language.
- Utah Clean Energy recommends that the tariff include a provision exempting renewable tariff customers from the EBA adjustment rate schedule, similar to the provision for customers taking service under the Subscriber Solar Program.
Introduction

Q. What was the genesis of Rocky Mountain Power’s (RMP or the Company) Schedule 34?

A. As part of the comprehensive legislative package that was the “Sustainable Transportation and Energy Plan,” in 2016, the Utah Legislature enacted Utah Code Section 54-17-806, “Qualified utility renewable energy tariff.” The new section is copied in its entirety below:

(1) The commission may authorize a qualified utility to implement a renewable energy tariff in accordance with this section if the commission determines the tariff that the qualified utility proposes is reasonable and in the public interest.

(2) If a tariff is authorized under Subsection (1), a qualified utility customer with an aggregated electrical load of at least five megawatts and who agrees to service that is subject to the renewable energy tariff shall pay:

(a) the customer's normal tariff rate;
(b) an incremental charge in an amount equal to the difference between the cost to the qualified utility to supply renewable generation to the renewable energy tariff customer and the qualified utility's avoided costs as defined in Subsection 54-2-1(1), or a different methodology recommended by the qualified utility; and
(c) an administrative fee in an amount approved by the commission.

(3) The commission shall allow a qualified utility to recover the qualified utility's prudently incurred cost of renewable generation procured pursuant to the tariff established in this section that is not otherwise recovered from the proceeds of the tariff paid by customers agreeing to service that is subject to the renewable energy tariff.
The Company’s proposal is their first attempt at implementing this legislation.

Q: What are the similarities and differences between Schedule 32 (Service from Renewable Energy Facilities) and Schedule 34?

A: Both Schedules 32 and 34 are service schedules aimed at implementing legislation that was enacted after large customers of RMP expressed interest at the Utah Legislature in getting a greater portion of their energy needs served by renewable energy. “Senate Bill 12,” the legislation that enabled Schedule 32, was passed in 2012, and is quite a bit more complicated than the legislation enabling Schedule 34.

One of the significant differences between the two rate schedules is that Schedule 32 requires, “The amount of electricity provided in any hour to a Customer’s individual Customer Agreement under a Renewable Energy Contract may not exceed the Customer Agreement's metered kilowatt-hour load in that hour.” Schedule 32 requires hourly accounting of both load and supply to match the output of the renewable energy resource with customer demand for every hour of every year.

Schedule 34, on the other hand, was designed to combat this complexity, and the prescriptive method merely requires an incremental renewable energy charge be added to

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1 Utah Clean Energy participated in the creation of Senate Bill 12 (2013, hereinafter “SB 12”)—the bill whose passage enacted Utah Code Ann. § 54-17-801, et seq. (“Renewable Energy Contracts”). Rocky Mountain Power proposed Electric Service Schedule 32 to implement the provisions of that statute. Utah Clean participated in the review of the Company’s proposal and subsequent Commission docket (14-035-T02) to help ensure that implementation of SB 12 was workable both for “Renewable Energy Facilities” developers and renewable energy “Contract Customers.”

2 Rocky Mountain Power Electric Service Schedule 32, Condition of Service No. 3, available at https://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Service_From_Renewable_Energy_Facilities.pdf, attached as UCE Exhibit 1.1 (Docket No. 16-035-T09).
the customer’s monthly “normal tariff rate” based on the price of the renewable energy contract. In other words, while Schedule 32 requires 8760 calculations to match supply and demand over the course of a year, Schedule 34 requires 12.

Q. Why is Schedule 32 relevant to the Commission’s review of Schedule 34?

A: As with Schedule 32, the purpose of Schedule 34 is to satisfy growing customer interest in meeting more of their electricity requirements with renewable energy. As was true with Schedule 32, it is Utah Clean Energy’s position that Schedule 34 must be fair, simple, and not unreasonably costly.

Utah Clean Energy participated, along with a number of other intervenors, in the docket to review and approve the currently effective Schedule 32 tariff language. Among other concerns, we predicted that the complexity (and resulting expense) of the rate schedule would be a deterrent to participation. So far, no customer has used Schedule 32.

One of Utah Clean Energy’s primary concerns in the current Schedule 34 proceeding is to ensure that Schedule 34 not fall victim to the same administrative complexity and unnecessary costliness of Schedule 32. The currently effective Schedule 32 has not met the objectives of the Legislature that passed SB 12, and Utah Clean Energy would like to prevent that from happening once again. The legislation enabling Schedule 34 is much simpler than the legislation enabling Schedule 32, so it should be easier to create a simple, less onerous and administratively burdensome tariff in Schedule 34.
Administrative fees

Q: What has the Company proposed in terms of administrative fees for Schedule 34?
A: Despite being much more straightforward in terms of billing than Schedule 32, RMP has proposed using the exact same administrative fees and fee structure that are currently used in Schedule 32 (renewable energy contracts). That is, under the Company’s proposal, a customer will pay $110 per month per generation source and $150 per month per delivery point (meter). However, under Schedule 34, despite its apparent simplicity, the administrative burden will be even higher because the minimum load requirement is three megawatts higher than it is under Schedule 32 (a customer may have to aggregate more meters, and incur more administrative fees, in order to meet the five MW threshold).

Q: What impact will these administration fees have on the program?
A: I am concerned that the administrative fees undermine the rate schedule. The $150 fee per delivery point will probably make it infeasible for entities, such as municipalities who must aggregate meters to take advantage this tariff, to participate in the tariff. These communities are taking a critical leadership role in an effort to mitigate and adapt to climate change, create an opening for clean, non-carbon emitting generation sources, and generate benefits beyond their constituencies. There is enormous potential public interest benefit in creating a Schedule 34 that works for municipalities in Utah.

Q: With what evidence has RMP supported its proposal to use the same administrative fees in Schedule 34 as are used in Schedule 32?
A: In her direct Testimony, Company witness Joelle R. Steward explained that the billing process for Schedule 34 is manual, rather than automated.
To ensure that the customer’s monthly bill is accurate and incorporates all of the billing-related conditions from the contract, monthly bills must be manually generated and reviewed. The administrative fee will be applied for each generation facility and point of delivery (i.e., metering point) from and for which renewable energy is being procured, so that the total monthly amount of the fee will be proportional to the bill’s complexity.³

Further, Ms. Steward explains that the fee is the same fee included in Schedule 32, and that “it is estimated that the amount of time required to bill a customer under the proposed RET [renewable energy tariff] will be similar to the amount of time the Company estimated it would take to bill customers under Schedule 32.”⁴

Q: What is your response to this?

A: Without more evidence, this justification for using the same administrative fees is unpersuasive. Schedule 32 was known for being administratively burdensome because the tariff required hourly matching of load and supply. Specifically, Schedule 32 billing involves evaluating energy consumption and energy generation data in 15-minute intervals in order to create a net energy outcome for each meter for each hour. Schedule 34 contains no such requirement.

Furthermore, the Company has provided no indication that it has attempted to streamline or strive for efficiencies in the billing process. Nor has the Company explained whether each additional meter incurs the same administrative burden as the first meter. It is unclear based on the Company’s testimony that the fees proposed for Schedule 34, different as it is in structure to Schedule 32, are in any way justified or reasonable. Any

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³ Direct Testimony of Joelle R. Steward for Rocky Mountain Power, pages 5-6.
⁴ Id. at 6.
excess in administrative charges makes this tariff more likely to fail customers hoping to use it.

The Company has made no effort to explain the differences between billing customers on Schedules 32 and 34. In response to a data request asking for further explanation of the Company’s proposed bill process, the Company provided the same table Company Witness David L. Taylor used in his Rebuttal Testimony in Docket No. 14-035-T02 to justify the administrative fees in Schedule 32, without modification (apart from changing Schedule 32 to Schedule 34).

Furthermore, the Company has made no attempt to explain, even if the Schedule 32 and 34 billing processes are comparable, whether the times associated with specific tasks are justified or whether the costs associated with manual billing for renewable energy tariffs are just and reasonable.

In his rebuttal testimony in the Schedule 32 docket, Mr. Taylor explained:

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. Options for upgrading the customer service billing system are planned for review in 2015. The Company will determine at that time if automation of Schedule 32 is cost effective and, if so, the Company will revise the administrative fee appropriately.

The Company’s billing system is over 20 years old and, increasingly, cannot perform billing functions that accommodate customer requirements. Thus, even if the Company’s comparison between Schedules 32 and 34 is appropriate, it is not clear that it is just or reasonable to make renewable energy tariff customers bear the estimated cost of...
the manual billing process when it is likely that there are much more efficient and less archaic options available.

**Q:** What do you propose with regard to the monthly administrative fee?

**A.** First, I believe the Company must present more evidence and provide a *reasonable* proposal for a monthly administrative fee under Schedule 34. I can only offer recommendations based on what I think would make an administrative fee more reasonable given the lack of evidence on the record. For example, unless the Company can demonstrate and justify costs as just and reasonable, I recommend the Commission consider a tiered administrative fee that escalates by groups of Delivery Points. For example, for one to 10 delivery points, the Company could charge $150 per month; then, for each additional meter, charge an incremental fee ($15). With more information from the Company, I presume I could recommend more informed costs per group.

Alternatively, I propose that the Commission consider alternative tariff language that allows administrative fees to be established by contract on a case-by-case basis between the customer and the Company and approved by the Commission if they are just and reasonable.

**“Different Methodology” Language**

**Q:** In addition to the avoided cost-based pricing method outlined in the statute, the statute also allows the incremental charge in renewable energy tariffs to be based on a “different methodology.” How is this treated in the Company’s Schedule 34 proposal?
A: The Company’s proposed Schedule 34 contains Conditions of Service, No. 1.c.ii., which states, “For a new Customer or for new load from expansion of an existing Customer facility, the Renewable Energy Rate may be based on a different methodology which must be set forth in the contract.” In her Direct Testimony, Ms. Steward explained that “There may be circumstances where the details surrounding a specific applicant and/or specific renewable resource may warrant additional consideration than simply billing the applicant at the tariff rate and charging for the difference between the cost [of] the renewable resource and the Company’s avoided cost.”

Q: What is your response?

A: I completely agree that there may circumstances that warrant creation of a different method. However, I do not agree that these circumstances must be limited to new customers or new load. Certainly the legislation was not so limiting and does not limit application of the “different methodology” to any particular circumstance. Rather, it leaves it up to the Commission for approval.

I believe there may be circumstances that warrant allowing an existing customer to utilize a different method than that spelled out in the tariff. The tariff should not be overly prescriptive in this regard, and should not limit the Commission beyond what the legislation allows. Being overly prescriptive or limiting could preclude options in the future that could benefit all ratepayers, not just tariff customers.

Q: Do you have something specific in mind?

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5 Rocky Mountain Power’s Proposed Schedule 34, filed June 17, 2016 in Docket No. 16-035-T09, Conditions of Service, No. 1.c.ii.
A. Nothing specific. Rather, our electricity system is undergoing consistent and
dramatic transformations, and I believe it is in the best interests of all customers not to
prematurely foreclose options, particularly where the legislature made no specific
limitations in statute. For example, RMP has existing customers who may want to think
creatively about a different methodology for a renewable energy tariff, such as the
municipalities I mentioned above, or institutions of higher learning. Another factor to
consider is that the utility’s coal fleet is undergoing significant pressure from external
market forces – these may become appropriate considerations in a different methodology.
So while I don’t have specific customers or any different methodologies in mind, I
believe all ratepayers are best served by keeping the tariff language consistent with the
legislation. I also believe that providing for Commission approval of all renewable
energy tariffs is appropriate.

Q: Is it potentially discriminatory to offer different pricing methods for different
customers?

A: Not necessarily. As I understand it, the long-standing prohibition against undue
discrimination is based on preventing price discrimination, not option discrimination. In
other words, particularly as more customers request it, RMP should be able to offer its
customers more service options at fair prices. RMP must have the flexibility to price
these services fairly. Thus, offering a different pricing method to different customers
need not be discriminatory as long as the pricing itself is not discriminatory. The
renewable energy tariff legislation provided an opportunity to be creative in establishing
different methodologies for pricing renewable energy tariffs, and we should not foreclose
those opportunities prematurely.
Q: What is your recommendation with regard to this provision of the proposed tariff?

A: I recommend that this provision not include a limitation for new customers or new load. Thus, I recommend the following replacement tariff language for Conditions of Service 1.c.ii:

ii. an amount based on an alternative methodology. The alternative methodology shall be set forth in the contract and approved by the Commission.

Utah Clean Energy believes this language more clearly mirrors the statutory language than the language proposed by RMP. Further, it requires Commission approval to ensuring public interest consideration.

Energy Balancing Account Rate Adjustment Schedule

Q: Does the proposed Schedule 34 contain a provision to exclude customers taking service under the rate schedule from the Energy Balancing Account rate adjustment schedule?

A: No. The Company indicates that while the EBA adjustment may not be appropriate for customers taking service under the RET schedule, it plans to evaluate the circumstances for excluding adjustment rate schedules on a case-by-case basis.

Q: What is your response?

A: It is Utah Clean Energy’s position that the EBA adjustment is not an appropriate adjustment rate schedule to apply to an RET customer meeting its load with renewable energy that displaces net power costs, and that this should be spelled out in the tariff. It is important that this is spelled out in the tariff because it is highly unlikely that most
customers, even the potentially more negotiation-savvy RET customers, are familiar enough with the utility’s adjustment rate schedules to negotiate this important risk mitigation benefit without prompt. One of the primary benefits of a long term contract with a renewable energy resource is the risk mitigation provided by a fuel free resource that is not subject to fuel price and environmental risk. It is critical that the customers who are paying for the renewable resources are allowed to benefit from this attribute of their investment. Therefore, the Schedule 34 tariff language must contain a provision allowing customers to be insulated from EBA adjustments to the extent they take service from renewable resources that displace net power costs.

**Q:** What is your recommendation with regard to the EBA adjustment rate schedule?

**A:** I recommend that the tariff include the following Condition of Service:

The EBA adjustment rate schedule will apply only to energy billed under the customer’s otherwise applicable service rate schedule that is not renewable energy delivered pursuant to contract under this Schedule, if any.

**CONCLUSION**

**Q:** Please summarize your conclusions and recommendations.

**A:** Utah Clean Energy supports the creation of Schedule 34 to enable customers the option to get more of their energy from renewable energy resources. Utah Clean Energy is concerned that the tariff, as currently proposed, will not work for most customers hoping to make use of it. In order to address this concern and improve the tariff so that as many customers as are interested have an opportunity to utilize Schedule 34 (and to effect the intent of the legislature), Utah Clean Energy provides three recommendations herein.
1. The administrative fees must be more reasonable. 2. Contracts utilizing a different methodology should not be limited to new customers or new load. 3. Tariff customers should not be subject to the EBA adjustment rate schedule.

Q: **Does that conclude your testimony?**

A: Yes.