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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
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DIRECT TESTIMONY OF SARAH WRIGHT

ON BEHALF OF

UTAH CLEAN ENERGY

DATED this 28th day of July, 2016

Sophie Hayes
Attorney for Utah Clean Energy

1 **INTRODUCTION**

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

3 A: My name is Sarah Wright. My business address is 1014 2nd Ave, Salt Lake City,
4 Utah 84103.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am the Executive Director of Utah Clean Energy, a non-profit public interest
7 organization whose mission is to lead and accelerate the clean energy transformation with
8 vision and expertise. We work to stop energy waste, create clean energy, and build a
9 smart energy future.

10 **Q: On whose behalf are you testifying?**

11 A: I am testifying on behalf of Utah Clean Energy (UCE).

12 **Q: Please review your professional experience and qualifications.**

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

17 I have 15 years of energy policy experience working on state, local, and national
18 energy policy, providing expertise and policy support for renewable energy and energy
19 efficiency. I have served on numerous energy policy working groups and taskforces,
20 including the Energy Efficiency and Energy Development Committees supporting
21 Governor Herbert's Energy Task Force and Ten Year Energy Plan; the Governor's Utah
22 Renewable Energy Zone Task Force; Governor Huntsman's Energy Advisory Council
23 and Blue Ribbon Climate Change Advisory Council; Utah's Legislative Energy Policy

24 Workgroup, and Salt Lake City's Climate Action Task Force. Currently, I participate in
25 the Utah Clean Air Task Force and Energy Task Force convened by Envision Utah.

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

31

32 **OVERVIEW AND CONCLUSIONS**

33 **Q: What is Utah Clean Energy's interest in this docket?**

34 A: Utah Clean Energy prioritizes a more efficient, cleaner, and smarter energy future.
35 We envision and enable increased utilization of energy efficiency, distributed generation,
36 and utility-scale renewable energy. Utah Clean Energy supports customer choice and
37 providing customers who wish to do so with the opportunity to make investments in
38 renewable energy. We believe allowing customers to make their own investments in
39 renewable energy can provide benefits for all ratepayers over the long term. To that end,
40 Utah Clean Energy is generally supportive of the Company's proposal to create Electric
41 Service Schedule 34.

42 **Q: What is the purpose of your testimony?**

43 A: The purpose of my testimony is to support the creation of Schedule 34, respond to
44 specific tariff components, and make recommendations that I believe will improve the
45 Company's proposal and allow the tariff to work for customers, the Company, and other
46 ratepayers. As currently proposed, Schedule 34 will likely not work for most customers

47 who are interested in utilizing it, which has the effect of undermining the legislation
48 enacted earlier this year to enable it.

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

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

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

58 A: I make the following conclusions and recommendations:

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

74

75 **SCHEDULE 34 PROPOSAL**

76 ***Introduction***

77 **Q. What was the genesis of Rocky Mountain Power’s (RMP or the Company) Schedule**
78 **34?**

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

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

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

91 (a) the customer's normal tariff rate;

92 (b) an incremental charge in an amount equal to the
93 difference between the cost to the qualified utility to supply
94 renewable generation to the renewable energy tariff
95 customer and the qualified utility's avoided costs as defined
96 in Subsection 54-2-1(1), or a different methodology
97 recommended by the qualified utility; and

98 (c) an administrative fee in an amount approved by the
99 commission.

100 (3) The commission shall allow a qualified utility to recover the
101 qualified utility's prudently incurred cost of renewable generation
102 procured pursuant to the tariff established in this section that is not
103 otherwise recovered from the proceeds of the tariff paid by
104 customers agreeing to service that is subject to the renewable
105 energy tariff.
106

107 The Company’s proposal is their first attempt at implementing this legislation.

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

110 A: Both Schedules 32¹ and 34 are service schedules aimed at implementing
111 legislation that was enacted after large customers of RMP expressed interest at the Utah
112 Legislature in getting a greater portion of their energy needs served by renewable energy.
113 “Senate Bill 12,” the legislation that enabled Schedule 32, was passed in 2012, and is
114 quite a bit more complicated than the legislation enabling Schedule 34.

115 One of the significant differences between the two rate schedules is that Schedule
116 32 requires, “The amount of electricity provided in any hour to a Customer’s individual
117 Customer Agreement under a Renewable Energy Contract may not exceed the Customer
118 Agreement's metered kilowatt-hour load in that hour.”² Schedule 32 requires hourly
119 accounting of both load and supply to match the output of the renewable energy resource
120 with customer demand for every hour of every year.

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

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).

123 the customer's monthly "normal tariff rate" based on the price of the renewable energy
124 contract. In other words, while Schedule 32 requires 8760 calculations to match supply
125 and demand over the course of a year, Schedule 34 requires 12.

126 **Q. Why is Schedule 32 relevant to the Commission's review of Schedule 34?**

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

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

135 One of Utah Clean Energy's primary concerns in the current Schedule 34
136 proceeding is to ensure that Schedule 34 not fall victim to the same administrative
137 complexity and unnecessary costliness of Schedule 32. The currently effective Schedule
138 32 has not met the objectives of the Legislature that passed SB 12, and Utah Clean
139 Energy would like to prevent that from happening once again. The legislation enabling
140 Schedule 34 is much simpler than the legislation enabling Schedule 32, so it should be
141 easier to create a simple, less onerous and administratively burdensome tariff in Schedule
142 34.

143

144 *Administrative fees*

145 **Q: What has the Company proposed in terms of administrative fees for Schedule 34?**

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

155 **Q. What impact will these administration fees have on the program?**

156 A. I am concerned that the administrative fees undermine the rate schedule. The
157 \$150 fee per delivery point will probably make it infeasible for entities, such as
158 municipalities who must aggregate meters to take advantage this tariff, to participate in
159 the tariff. These communities are taking a critical leadership role in an effort to mitigate
160 and adapt to climate change, create an opening for clean, non-carbon emitting generation
161 sources, and generate benefits beyond their constituencies. There is enormous potential
162 public interest benefit in creating a Schedule 34 that works for municipalities in Utah.

163 **Q: With what evidence has RMP supported its proposal to use the same administrative**
164 **fees in Schedule 34 as are used in Schedule 32?**

165 A: In her direct Testimony, Company witness Joelle R. Steward explained that the
166 billing process for Schedule 34 is manual, rather than automated.

167 To ensure that the customer’s monthly bill is accurate and incorporates all
168 of the billing-related conditions from the contract, monthly bills must be
169 manually generated and reviewed. The administrative fee will be applied
170 for each generation facility and point of delivery (i.e., metering point)
171 from and for which renewable energy is being procured, so that the total
172 monthly amount of the fee will be proportional to the bill’s complexity.³
173

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

178 **Q: What is your response to this?**

179 A: Without more evidence, this justification for using the same administrative fees is
180 unpersuasive. Schedule 32 was known for being administratively burdensome because
181 the tariff required hourly matching of load and supply. Specifically, Schedule 32 billing
182 involves evaluating energy consumption and energy generation data in 15-minute
183 intervals in order to create a net energy outcome for each meter for each hour. Schedule
184 34 contains no such requirement.

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

³ Direct Testimony of Joelle R. Steward for Rocky Mountain Power, pages 5-6.

⁴ *Id.* at 6.

190 excess in administrative charges makes this tariff more likely to fail customers hoping to
191 use it.

192 The Company has made no effort to explain the differences between billing
193 customers on Schedules 32 and 34. In response to a data request asking for further
194 explanation of the Company's proposed bill process, the Company provided the same
195 table Company Witness David L. Taylor used in his Rebuttal Testimony in Docket No.
196 14-035-T02 to justify the administrative fees in Schedule 32, without modification (apart
197 from changing Schedule 32 to Schedule 34).

198 Furthermore, the Company has made no attempt to explain, even if the Schedule
199 32 and 34 billing processes are comparable, whether the times associated with specific
200 tasks are justified or whether the costs associated with manual billing for renewable
201 energy tariffs are just and reasonable.

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

203 RMP acknowledges that the administrative fee may serve as a barrier for
204 some customers with multiple smaller delivery points. As indicated in my
205 direct testimony, the administrative fee is intended to cover the cost of
206 data collection and manual billing. The existing customer service billing
207 system, established in 1995 was not programmed to accommodate
208 complex billing of this type. Options for upgrading the customer service
209 billing system are planned for review in 2015. The Company will
210 determine at that time if automation of Schedule 32 is cost effective and, if
211 so, the Company will revise the administrative fee appropriately.
212

213 The Company's billing system is over 20 years old and, increasingly, cannot
214 perform billing functions that accommodate customer requirements. Thus, even *if* the
215 Company's comparison between Schedules 32 and 34 is appropriate, it is not clear that it
216 is just or reasonable to make renewable energy tariff customers bear the estimated cost of

217 the manual billing process when it is likely that there are much more efficient and less
218 archaic options available.

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

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

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

233

234 ***“Different Methodology” Language***

235 **Q: In addition to the avoided cost-based pricing method outlined in the statute, the**
236 **statute also allows the incremental charge in renewable energy tariffs to be based on**
237 **a “different methodology.” How is this treated in the Company’s Schedule 34**
238 **proposal?**

239 A: The Company’s proposed Schedule 34 contains Conditions of Service, No. 1.c.ii.,
240 which states, “For a new Customer or for new load from expansion of an existing
241 Customer facility, the Renewable Energy Rate may be based on a different methodology
242 which must be set forth in the contract.”⁵ In her Direct Testimony, Ms. Steward
243 explained that “There may be circumstances where the details surrounding a specific
244 applicant and/or specific renewable resource may warrant additional consideration than
245 simply billing the applicant at the tariff rate and charging for the difference between the
246 cost [of] the renewable resource and the Company’s avoided cost.”⁶

247 **Q: What is your response?**

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

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

258 **Q. Do you have something specific in mind?**

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.

⁶ Direct Testimony of Joelle R. Steward for RMP, page 7.

259 A. Nothing specific. Rather, our electricity system is undergoing consistent and
260 dramatic transformations, and I believe it is in the best interests of all customers not to
261 prematurely foreclose options, particularly where the legislature made no specific
262 limitations in statute. For example, RMP has existing customers who may want to think
263 creatively about a different methodology for a renewable energy tariff, such as the
264 municipalities I mentioned above, or institutions of higher learning. Another factor to
265 consider is that the utility's coal fleet is undergoing significant pressure from external
266 market forces – these may become appropriate considerations in a different methodology.
267 So while I don't have specific customers or any different methodologies in mind, I
268 believe all ratepayers are best served by keeping the tariff language consistent with the
269 legislation. I also believe that providing for Commission approval of all renewable
270 energy tariffs is appropriate.

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

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

282 **Q: What is your recommendation with regard to this provision of the proposed tariff?**

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

286 ii. an amount based on an alternative methodology. The alternative
287 methodology shall be set forth in the contract and approved by the
288 Commission.
289

290 Utah Clean Energy believes this language more clearly mirrors the statutory
291 language than the language proposed by RMP. Further, it requires Commission
292 approval to ensuring public interest consideration.
293

294 ***Energy Balancing Account Rate Adjustment Schedule***

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

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

301 **Q: What is your response?**

302 A: It is Utah Clean Energy's position that the EBA adjustment is not an appropriate
303 adjustment rate schedule to apply to an RET customer meeting its load with renewable
304 energy that displaces net power costs, and that this should be spelled out in the tariff. It is
305 important that this is spelled out in the tariff because it is highly unlikely that most

306 customers, even the potentially more negotiation-savvy RET customers, are familiar
307 enough with the utility's adjustment rate schedules to negotiate this important risk
308 mitigation benefit without prompt.

309 One of the primary benefits of a long term contract with a renewable energy
310 resource is the risk mitigation provided by a fuel free resource that is not subject to fuel
311 price and environmental risk. It is critical that the customers who are paying for the
312 renewable resources are allowed to benefit from this attribute of their investment.

313 Therefore, the Schedule 34 tariff language must contain a provision allowing customers
314 to be insulated from EBA adjustments to the extent they take service from renewable
315 resources that displace net power costs.

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

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

318 The EBA adjustment rate schedule will apply only to energy billed under
319 the customer's otherwise applicable service rate schedule that is not
320 renewable energy delivered pursuant to contract under this Schedule, if
321 any.
322

323 **CONCLUSION**

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

325 A: Utah Clean Energy supports the creation of Schedule 34 to enable customers the
326 option to get more of their energy from renewable energy resources. Utah Clean Energy
327 is concerned that the tariff, as currently proposed, will not work for most customers
328 hoping to make use of it. In order to address this concern and improve the tariff so that as
329 many customers as are interested have an opportunity to utilize Schedule 34 (and to effect
330 the intent of the legislature), Utah Clean Energy provides three recommendations herein.

331 1. The administrative fees must be more reasonable. 2. Contracts utilizing a different
332 methodology should not be limited to new customers or new load. 3. Tariff customers
333 should not be subject to the EBA adjustment rate schedule.

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

335 A: Yes.