

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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| In the Matter of |) | Docket No. 16-035-T09 |
| Rocky Mountain Power's Proposed |) | Direct Testimony of |
| Electric Service Schedule No. 34 |) | Cheryl Murray for the |
| Renewable Energy Tariff |) | Office of Consumer Services |

July 28, 2016

1 **Introduction**

2 **Q. WHAT IS YOUR NAME, TITLE, AND BUSINESS ADDRESS?**

3 A. My name is Cheryl Murray. I am a utility analyst for the Office of
4 Consumer Services (Office). My business address is 160 East 300 South,
5 Salt Lake City, Utah.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. I present the Office's position regarding Rocky Mountain Power's
8 (Company) proposed Electric Service Schedule No. 34, Renewable
9 Energy Tariff (RET)

10 **Proposed Renewable Energy Tariff**

11 **Q. WHAT IS THE PURPOSE OF THE COMPANY'S PROPOSED**
12 **RENEWABLE ENERGY TARIFF?**

13 A. The Renewable Energy Tariff provides a vehicle to allow qualified
14 customers in the Company's Utah service territory with an aggregate load
15 of five megawatts or greater to have renewable energy purchased by the
16 Company on their behalf.

17 **Q. WHAT IS THE GENESIS OF THE RET?**

18 A. The Company has indicated that large energy users (existing customers
19 as well as potential new customers) have expressed a desire to have their
20 energy needs met through renewable energy sources.

21 **Q. DOES THE COMPANY IDENTIFY STATUTORY AUTHORITY FOR THE**
22 **RET?**

23 A. Yes, the Company states that recently enacted U.C.A. § 54-17-806 in the
24 Sustainable Transportation and Energy Plan legislation grants the
25 Commission authority to approve this tariff if the Commission determines it
26 to be reasonable and in the public interest.

27 **Q. WHAT ARE THE BENEFITS OF THE RET CLAIMED BY THE**
28 **COMPANY?**

29 A. Company witness Joelle Steward testifies that “the RET would provide
30 large customers with the ability to have renewable energy purchased on
31 their behalf in a way that does not increase costs for other customers.¹”

32 **Q. DOES THE COMPANY CITE OTHER BENEFITS OF THE PROPOSED**
33 **RET?**

34 A. Yes, Ms. Steward also states that “providing customers with this choice
35 may be the deciding factor for attracting prospective customers to locate in
36 the Company’s service territory or to retain and expand opportunities for
37 current customers. Making this opportunity available could yield important
38 economic benefits for Utah such as job creation, higher tax revenue, and
39 greater visibility while mitigating impacts on other ratepayers.²”

40 **Potential Impacts on Other Ratepayers**

41 **Q. ARE THERE POTENTIAL IMPACTS ON OTHER RATEPAYERS THAT**
42 **COULD RESULT FROM THE RET?**

¹ Direct testimony of Joelle R. Steward, page 3, lines 47 – 49.

² Ibid, lines 59 – 64.

43 A. The RET addresses many of the costs that will be incurred when an
44 eligible customer elects to be served by the Company through Schedule
45 34. Costs that are identified in the RET to be the responsibility of the RET
46 Customer include: 1) Application Fee; 2) Monthly Administration Fees;
47 and 3) Renewable Energy Rate.

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49 In addition, customers taking service under the RET will pay their normal
50 tariff rate for energy provided by the Company. However, the tariff
51 indicates that exceptions and other details will be specified in individual
52 contracts. Therefore, each contract that results from the RET will need to
53 be analyzed to ensure that other ratepayers are protected from potential
54 cost shifts or impacts from any required energy procurement while the
55 participating customer is in the process of building, or expanding its facility
56 and acquiring the necessary renewable energy to meet the associated
57 load. In particular, the Office is concerned about cost shifts that could
58 result if an existing customer were to choose to participate in the RET;
59 care would need to be taken to ensure that remaining ratepayers would
60 not be assigned additional costs related to existing resources that will no
61 longer be used to serve the RET Customer.

62 **Office Concerns Regarding the RET**

63 **Q. HAS THE OFFICE IDENTIFIED ANY AREAS OF CONCERN WITH THE**
64 **RET?**

65 A. Yes, we have.

66 **Q. WHAT ARE SOME OF THOSE CONCERNS?**

67 A. The Office's concerns are in the following areas of the RET:

68 *Original Sheet No. 34.1:*

69 Application: New customer's annual peak load will be based on a
70 reasonably projected Demand to be reached over a period to be specified
71 by contract.

72 This is too open ended. The Office asserts that a time limit should
73 be specified in the RET while allowing the Company the ability to request
74 and justify an extended time period for the contract subject to Commission
75 approval. The Office views 36 months as an appropriate time limit.

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77 Monthly Bill: Customers taking service under this schedule shall be
78 subject to all charges and rates specified in the customer's otherwise
79 applicable electric service schedule(s), unless otherwise specified in the
80 contract....

81 The Office believes it is appropriate that RET Customers are
82 subject to their otherwise applicable electric service schedule(s) for energy
83 needs served by the Company. The Office asserts that any proposed
84 deviations from the "Customer's otherwise applicable electric service
85 schedule(s)" in future contracts under the RET must be justified by the
86 Company.

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89 *Original Sheet No. 34.2:*

90 1.C.II. For a new Customer or for new load from expansion of an existing
91 Customer facility, the Renewable Energy Rate may be based on a
92 different methodology which must be set forth in the contract.

93 The Office recognizes that the Statute allows the Renewable
94 Energy Rate to be set based on a “different methodology recommended
95 by a qualified utility”. However, the Company must be required to explain
96 and justify any “different methodology” it proposes to utilize in a contract.

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98 2.(b) Renewable energy credits (RECs) associated with renewable
99 energy delivered under this Schedule will be deposited into an account
100 maintained by or on behalf of the Customer, and will be retired. If
101 specified in the contract, unbundled RECs can be used during time
102 periods when a Customer’s electrical usage is ramping up to full intended
103 levels or the Customer is in the process of attempting to secure renewable
104 resources.

105 The Office is concerned that the RET does not identify who will
106 bear the costs for the tracking and/or acquisition of RECs. In order to
107 clarify this matter the Office issued OCS Data Request 1.4 as follows:

108 Please refer to provision 2. b. regarding renewable energy credits.

109 a. Who bears the financial responsibility for tracking and
110 registering RECs associated with the renewable energy
111 delivered under this schedule?

112 b. Who bears the financial responsibility for obtaining and
113 contracting for unbundled RECs during the ramping up period?
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115 The Company provided the following response:

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Any costs associated with the acquisition of RECS either associated with the renewable energy delivered or for unbundled RECs will be directly assigned to the customer in the contract.

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The Office asserts it is appropriate that all costs associated with the acquisition and tracking of RECs be assigned to the RET Customer for whom the RECs are acquired. Based on the Company's response to OCS Data Request 1.4 such cost assignment is the Company's intent, however cost responsibility is not clearly identified in the RET. The Office contends that cost responsibility for RECs should be specified in the RET.

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Original Sheet No. 34.3:

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The Company will require a nonrefundable application fee of \$5000.00 from each Customer requesting service under this schedule which is intended to cover the Company's costs related to the preparation of a contract for review by the Commission, which fee shall not be refunded whether or not a contract is ultimately entered into.

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The Office supports requiring an application fee as we recognize that contract negotiations can be time intensive and costly. We are concerned that \$5000.00 will likely not be adequate to fully cover the associated costs and the Company could request recovery from other ratepayers for costs not covered by the application fee. In response to OCS data request 1.3 the Company provided a range of cost estimates for this service with a low of \$5,703.00 and a high of \$11,406. Although

142 \$5,000.00 is at the very low end of the estimates the Office supports the
143 \$5000.00 application fee, noting that as with other tariff provisions it can,
144 with Commission approval, be modified if necessary in the future.

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146 Compensation for Excess Energy :

147 Missing from the RET is any indication of how or if excess energy
148 produced from a renewable resource under contract through the RET
149 process will be compensated. The Office believes that a provision related
150 to the issue of excess energy should be added to the RET.

151 **Contract Termination Provision**

152 **Q. DOES THE RET OFFER PROTECTION FOR OTHER RATEPAYERS IF**
153 **A RET CUSTOMER LEAVES THE COMPANY'S SERVICE TERRITORY**
154 **PRIOR TO THE TERM OF A RENEWABLE ENERGY CONTRACT**
155 **ENTERED INTO ON ITS BEHALF?**

156 A. Yes it does. Provision 1.d. reads as follows:

157 The contract will contain service termination provisions obligating the RET
158 Customer to continue to pay all of the costs of the renewable energy
159 contract or contracts entered into by the Company on the RET Customer's
160 behalf in the event the contract is terminated early and a cost obligation
161 related to the renewable energy contract or contracts continues beyond
162 the termination. All costs related to the renewable energy contract(s) will
163 be borne by the RET Customer. The RET Customer shall be required to
164 provide adequate credit assurances.

165 **Potential RET Revisions**

166 **Q. HAVE THERE BEEN ANY DISCUSSIONS REGARDING CONCERNS**
167 **RELATED TO THE RET?**

168 A. Yes. On Friday, July 22, 2016, the Company and parties to this docket
169 met to discuss the RET.³ As a result of these discussions, the parties are
170 circulating proposed edits to the RET.

171 **Q. WHAT IS THE OFFICE'S EXPECTATION GOING FORWARD?**

172 A. The Office anticipates that the Company and other parties will continue
173 discussions regarding changes and improvements to the RET. It is likely
174 that these discussions will either result in a settlement or a revised version
175 of the tariff being filed. It is our expectation that the revised RET will
176 address many, if not all, of our concerns. However, since participants had
177 varying interests in different parts of the RET it may not be possible to
178 satisfy all concerns.

179 **Office Recommendations**

180 **Q. WHAT ARE THE OFFICE'S RECOMMENDATIONS REGARDING THE**
181 **PROPOSED RET?**

182 A. The Office recommends that the Commission not approve the RET as
183 filed. However, the Office remains optimistic regarding the ongoing
184 discussions in this docket.

185 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

186 A. Yes, it does.

³ Parties to the discussion have requested to intervene but intervention has not yet been granted.