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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Bob Davis, Utility Analyst

Date: August 1, 2018

Re: **Docket No. 18-035-28, Acknowledge** – In the Matter of Rocky Mountain Power's Customer Owned Generation and Net Metering Report and Attachment A for the Period April 1, 2017 through March 31, 2018.

RECOMMENDATION (Acknowledge)

The Division of Public Utilities (Division) has reviewed Rocky Mountain Power's (RMP or Company) Customer Owned Generation and Net Metering Report and Attachment A for the annualized billing period ending March 31, 2018, and finds that it complies with the Public Service Commission's (Commission) reporting requirements. The Division finds no outstanding issues, other than those reported below, and recommends that the Commission acknowledge the Company's Report.

ISSUE

On July 2, 2018, RMP filed its 2018 Net Metering Report and Attachment A (Report) with the Commission. On July 2, 2018, the Commission issued an action request to the Division to review the filing for compliance and make recommendations. On July 3, 2018, the Commission issued a Notice of Filing and Comment Period whereby any interested party may submit comments on or before August 1, 2018. The Division respectfully submits the following comments in support of its recommendation.

BACKGROUND

In its Order dated November 30, 2010 in Docket Nos. 10-035-58, 08-035-T04, and 08-035-78, the Commission ordered:

> The reporting requirements contained in R746-312-16 (Rule) replace the Company's net metering reporting requirements in Docket Nos. 08-035-T04 and 08-035-78 with the following exceptions and clarifications:
>
> a) All net metering interconnections must be noted in the annual report filed pursuant to the Rule;
> b) the information required by R746-312-16(2)(a) is the same cumulative information as provided in Attachment A of the Company's 2010 Report with the addition of the zip code, year of installation, and notation if the interconnection is a net metered resource;
> c) the Company's annual report filed pursuant to the Rule should provide all of the data required by the Rule through the end of the annualized billing period of the year the report is being submitted unless otherwise approved; and
> d) the Company is required to report information on the amount of net metering installed capacity relative to its net metering cap and any [unforeseen] problems or barriers in the tariff in its annual report filed pursuant to the Rule.

The reporting requirements contained in R746-312-16, Public Utility Maps, Records and Reports, state:

> (1) Each public utility shall maintain current records of interconnection customer generating facilities showing size, location, generator type, and date of interconnection authorization.
> (2) By July 1 of each year, the public utility shall submit to the commission an annual report with the following summary information for the previous calendar year:
>
> (a) the total number of generating facilities approved and their associated attributes including resource type, generating capacity, and zip code of generating facility location;
> (b) the total rated generating capacity of generating facilities by resource type;

(c) for net metering interconnections, the total net excess generation kilowatt-hours received from interconnection customers by month; and
(d) for net metering interconnections, the total amount of excess generation credits in kilowatt-hours, and their associated dollar value that have expired at the end of each annualized billing period.

The Commission's September 24, 2015 Order for Docket No. 15-035-64, ordered that future customer-owned generation and net metering reports shall provide:

(1) An explanation of the calculation of the price attributed to expired net excess generation credits.
(2) A column indicating the rate schedule under which each customer is taking service, or alternatively, the revenue class of each customer.[1]

In Docket No. 17-035-31, RMP agreed to several recommendations made by the parties. RMP incorporated changes to its report proposed by the Division and Office of Consumer Services (OCS) to encompass the transitional distributed generation relating to Docket No. 14-035-114. The OCS made recommendations in Docket No. 17-035-31, which RMP incorporated into its 2018 Report:

(1) A table indicating which customer classes (or schedules) are represented by the "Customer Rate Schedule" codes on Attachment A.
(2) An explanation as to why, as a general matter, some customers may have a kilowatt-hour credit in a year prior to the customer's interconnection date.
(3) A statement that the required net metering excess energy valuation is found on Attachment B or elsewhere if the Company changes the reporting configuration.

Paragraph 21 of the Settlement Stipulation in Docket No. 14-035-114 specified the treatment of surrendered excess export credits from Schedule 136 customers at the end of the annualized billing period be treated similar to Schedule 135 credits, or for another use as

[1] See Docket No. 15-035-64, Commission's Order, September 24, 2015, p. 5.

determined by the Commission. Paragraph 39 of the Stipulation specified that the parties would discuss a potential solar program for low-income customers.[2]

DISCUSSION

On September 29, 2017, the Commission issued its Order for the Net Metering Compliance proceeding, Docket No. 14-035-114. The Commission approved the parties' stipulation, effectively ending the Net Metering program to new entrants as of November 15, 2017.[3] Within the Stipulation, Schedule 135, Net Metering Service, customers may remain on Schedule 135 until December 31, 2035. Schedule 136, Transition Program for Customer Generators, who file an application on or after November 15, 2017, may remain on Schedule 136 until December 31, 2032.[4] The stipulation created a need to amend certain parts of the Net Metering Report to include both traditional net metering customers under Schedule 135 and transitional customers under Schedule 136. RMP met with interested parties prior to this year's filing to discuss changes to the report that would fulfill the reporting requirements established by the Commission.[5] At the outcome of the Transition Credit Docket No. 17-035-61, the net metering report will need further revising to capture future customer generation.

There were 9,372 new net metering facilities and 212 transition facilities, or 9,584 in total customer generators, added during the reporting period from April 1, 2017 to March 31, 2018. These new additions compare to 12,409 new facilities reported during the same period in the prior year, representing a 23 percent decrease. Of these new installations, 9,582 are solar projects.[6] RMP does not offer an explanation in its report for the change in the growth trend observed in prior reports. The Division concludes the change is likely due to market response to

[2] Commission Order Approving Settlement Stipulation; Docket No. 14-035-114, September 29, 2017, ¶ 21 and ¶ 39.
[3] See "Order Approving Settlement Stipulation," https://psc.utah.gov/2016/06/20/docket-no-14-035-114-2/.
[4] The Transition Program for Customer Generators will end at the conclusion of Docket No. 17-035-61.
[5] Commission Correspondence, Gary L. Widerburg, Docket No. 17-035-31, November 28, 2017.
[6] 2018 Customer Generation Report, Section 1, Number of Customer Generation Systems, p. 1. The numbers reported in this report are the Division's analysis and do not necessarily correspond to those reported by RMP. The Division asked RMP for clarification of its numbers in data requests 2.1 through 2.7. RMP has not responded to those requests at the time of this filing.

the uncertainty and subsequent outcome of Docket No. 14-035-114 and will return to a growth trend in the future.

As of March 31, 2018, the total combined generation capacity of 235,207 kW for Schedule 135 and 1,304 kW for Schedule 136, or 236,511 kW in total, is a 47 percent increase from the prior year's reported total combined generation capacity of 160,530 kW. The 2018 Report illustrates the combined total generation capacity for solar alone,[7] net metering and transition generators, as of March 31, 2018, is 235,884 kW. The Company reported 159,896 kW in 2017, 66,226 kW in 2016, and 32,573 kW in the 2015 report. This represents a 624 percent increase since 2015. Solar installations remain as the majority of net metering and transition generation technology.[8]

The Non-Net Metering, (e.g., generators greater than 2 MW or connecting to the grid by other switchgear or inverter configurations), customer count did not change from last year. As of March 31, 2018, there were no additional customers added to the 49 customers reported March 31, 2017. The total Non-Net Metering MW reported in 2018 is just over 131 MW.[9]

The Excess Energy Value used to calculate the value of expired credits from 2013[10] to present has been \$.0402, \$.0346, \$.0303, \$.0221, and \$.0207, respectively. The 2018 report lists 6,428 customers with 7,721,729 kWh of expired credits equating to \$159,840. This compares to last year's report of 4,553 customers with 2,556,277 kWh of expired credits equating to \$56,494. This represents a 202 percent increase year-over-year. The over-sizing of systems continues to be a concern to the Division. Other partial explanations for over-generation may exist.[11]

The expired credits for Schedule 136 transition customers are calculated and reported separately from the Schedule 135 customers. The expired credit value for 136 customers is

[7] This number includes 1,200.7 kW of solar/battery facilities.
[8] 2018 Customer Generation Report, Section 3, Total kW Combined Capacity, p. 3.
[9] Id.
[10] During the April 17, 2017 meeting, the parties agreed to track the expired credits for a five-year rolling period to mitigate data collection complexity.
[11] 2018 Customer Generation Report, Section 5, Total Value of Expired Credits, p. 4. The Division continues to analyze excess and expired credits to monitor system sizing. The expired credits could be the result of energy efficiency or combination of both.

currently $.092. RMP reports 212 Schedule 136 customers in this year's Report with 1,645 kWh of expired credits equating to $151 in value.[12]

Section 8 illustrates the current enrolled capacity of 5.02592 MW representing 3 percent of the 170 MW_{DC} program cap for residential and small business customers. The current enrolled capacity for large non-residential customers is .01382 MW representing less than 1 percent of the 70 MW_{DC} cap. RMP did not provide any metrics for Schedule 136 non-residential customers.[13] The Division recommends that RMP add a Section 9 in future reports illustrating the "Measurement to Cap" for large non-residential customers.[14]

In addition to prior report rate schedules, this year's Report adds Rate Schedules 08CGENR136, Utah Residential Transition Group, and 08NMT010NS, Utah Irrigation & Soil Drainage-Net MTR Non-Seasonal.

The Division asked RMP to provide supporting detail in data request DPU 2.1 through 2.7 for Sections 1, 3, 6, and 8 of the report. RMP has not addressed the Division's requests at the time of this filing. The Division does not anticipate that any adjustments to the report will be significant and will update any numbers in its reply comments. RMP reports no unforeseen problems or barriers at this time.

Expired Net Metering Credits

On September 29, 2017, the Commission approved the parties' Stipulation in Docket No. 14-035-115. Included in the Stipulation, the parties agreed to meet during the second quarter of 2018 to discuss potential options for the use of expired net metering credits to fund and administer a low-income solar program, and whether such a program is in the public interest.[15] The parties have discussed potential options for such a program. Utah Clean Energy (UCE) has

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[12] Id.
[13] An additional 6.52592 MW of residential and small business is pending according to Rocky Mountain Power's "Utah Megawatt Capacity Update". There is no pending applications for large customers. See RMP's website at: https://www.rockymountainpower.net/env/nmcg/utah/Utah_megawatt_capacity_update.html.
[14] 2018 Customer Generation Report, Section 8, Measurement to Cap, p. 5. Per Commission Order, Docket 14-035-114, Order Approving Settlement Stipulation, at ¶ 11, the Commission will cap the net metering program at the current kW capacity at 12 a.m., November 15, 2017. See https://psc.utah.gov/2016/06/20/docket-no-14-035-114-2/.
[15] Commission Order Approving Settlement Stipulation; Docket No. 14-035-114, September 29, 2017, ¶ 39.

shown particular interest in this topic. The Division expects UCE to make a proposal relating to the low-income solar program. The Division has general concerns with a low-income solar program but may provide additional comment in response to a more detailed UCE proposal.

Currently, expired net metering credits offset funds collected from all customers through Schedule No. 91 and Schedule No. 92 (HELP) surcharge refund, respectively. The remaining HELP funds lower low-income customers' power bills by approximately thirteen dollars per month at a maximum. Diverting funds to a low-income solar program could raise the HELP surcharge.

More importantly, the Division is concerned that a low-income solar program could have expensive per-customer-served costs relative to other programs that could provide equal or better bill savings. Weatherization programs have proven to be reasonably effective. Spending available funds on energy efficiency is generally wiser than adding a solar generation system. Furthermore, if a low-income customer has already participated in energy efficiency programs, it might be more equitable to provide additional funds to customers that have not yet taken such measure than to add solar to an already efficient home. However, if a low-income solar program is approved, it should be available to only customers who have implemented adequate efficiency measures. Additionally, should the low-income customer choose to install solar, the roof should be in good repair and early in its expected useful life.

Expired Schedule 136 Transition Credits

Currently, as reported above, the excess credits from the Schedule No. 136 transition customers is $151. Paragraph 32 of the Stipulation explains that recovery of regular transition and post transition export credits is included in the Energy Balancing Account (EBA) or another pass-through mechanism.[16] The Division reasonably concludes that any excess credits from the transition customers and post transition customers should also be included in the EBA. Thus, the $151 in expiring Schedule 136 credits reported in this year's report should offset upcoming EBA charges and not used to fund low-income programs.

[16] Settlement Stipulation, Docket No. 14-035-114, August 28, 2017, ¶ 32.

CONCLUSION

The Division's review of RMP's 2018 Customer Generation Net Metering Report concludes that RMP's filing complies with the Commission's reporting requirements. The Division recommends that RMP add a Section 9 to its report illustrating the "Measurement to Cap" for large non-residential customers under Schedule No. 136. The Division will review RMP's responses to the Division's data requests 2.1 through 2.7 and update its conclusions in its reply comments due August 16, 2018. The Division is skeptical of funding a low-income solar program with expiring credits. The Division recommends that the Commission acknowledge RMP's Customer Owned Generation Net Metering Report and Attachment A and order that excess Schedule 136 credits offset the Energy Balancing Account.

cc: Joelle Steward, RMP
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Service List