GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: August 1, 2018

Re: 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. Docket No. 18-035-28.

Background

On July 2, 2018, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) its Customer Owned Generation and Net Metering Report (Report) and Attachment A for the period April 1, 2017, through March 31, 2018.

On July 3, 2018, the Commission issued a Notice of Filing and Comment Period establishing Wednesday, August 1, 2018 and Thursday, August 16, 2018 as the deadlines for interested parties to submit comments and reply comments, respectively. The Office of Consumer Services (Office) submits the following comments in accordance with the Commission's established schedule.

Discussion Regarding Report

The Company is required to file the Net Metering Report annually in order to keep the Commission and other parties informed as to the status of customer owned generation on the Utah portion of the Company's system. Through rules and orders, the Commission has imposed a number of reporting requirements related to customer generation information it views as important. Over the years, parties have requested additional information and modifications that have been added to the list of reporting requirements.

Reporting Requirements

The provisions of R746-312-16 require:

(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:[1]

- (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, which have expired at the end of each annualized billing period.

In addition to the items included in R746-312-16, the Commission's November 30, 2010 Order in Docket 10-035-58[2] requires that:

1) all net metering interconnections must be noted in the annual report;
2) 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;
3) 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
4) 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.

Additional requirements were placed on the Company in Docket No. 15-035-64 wherein the Commission ordered that "future reports shall provide an explanation of the calculation of the price attributed to expired net excess generation credits and a column indicating the rate schedule under which each customer is taking service, or alternatively, the revenue class of each customer."[3]

Based on recommendations in Docket No. 17-035-31 the Company agreed to incorporate in net metering reports:

[1] As noted above, the Commission, on May 30, 2017, granted the Company an extension to September 29, 2017 to file a complete Report for April 1, 2016 to March 31, 2017.

[2] The November 30, 2010 Order was captioned as Docket 10-035-58, Docket No. 08-035-T04 and Docket No. 08-035-78.

[3] Order in Docket No. 15-035-64, page 5.

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.

Transition Program

As a result of The Settlement Stipulation in Docket No. 14-035-114 a new class of customer generators was established. Customer generators who qualify as "Transition Customers" take service under Schedule 136.

In Docket No. 17-035-311 addressing the Net Metering Report for April 1, 2016 to March 31, 2017, the Office recommended that the Commission order the Company to work with other parties in appropriately expanding the report to include the forthcoming new category of Transition Customers. The Division made a similar recommendation. As a result of parties meeting with the Company, this Report includes details for Schedule 136 Transition Customers reported separately from Schedule 135 Net Metered Customers.

Completeness of Report

The Office was able to locate within the Report and accompanying Attachments the information required by the Commission as well as information the Company agreed to provide in Docket No. 17-035-31. Thus, the Office believes that the Report constitutes a complete filing.

The Office appreciates the Company's efforts in compiling the required information and recognizes that significant effort is required due to the amount and level of information provided. We also appreciate the Company's willingness to work with parties to modify the report to meet changed circumstances and stakeholder needs. The Office continues to find the report to be a source of useful information regarding net metering and customer owned generation on the Company's system.

Office Recommendations for Future Reports

Exhibit C to the Report at page 1 includes three tables labeled: Net Metering Facilities by Resource Type; Customer Generation Facilities by Resource Type; and Non-Net Metering Facilities by Resource Type. A similar labeling convention occurs on the tables on page 3: Net metering Generation Capacity by Resource Type (kW); Customer Generation Capacity by Resource Type (kW); and Non-net Metering Generation Capacity by Resource Type (MW). The Office suggests that when referring to Net Metering Facilities and Customer Generation in tables included in future reports that the applicable schedules be added to the headings, e.g. Net Metering (Schedule 135) and Customer Generation (Schedule 136).

Discussion Regarding Treatment of Excess Credits

Value of Excess credits

The Office has often expressed concern with the continued trend of increasing total excess credits. In our comments in Docket No. 17-035-31 we presented the following table:

Expired Credits at End of Annualized Periods

As Of	Customers	kWh	Value	Total Value
June 12, 2014	367	264,176	$0.0402	$10,619.88
June 2, 2015	991	1,010,210	$0.0346	$34,953.27
June 8, 2016	2,377	1,315,199	$0.0303	$39,850.53
June 13, 2017	4,553	2,556,277	$0.0221	$56,493.72

In this report, the Company provided the following information for Schedule 135 and Schedule 136 for the period April 1, 2017 to March 31, 2018.

5. Total Value of Expired Credits (as reported on June 13, 2018)

Expired Credits at End of Annualized Period (Schedule 135)

Customers	kWh	Value	Total Value
6,428	7,721,729	$0.0207	$ 159,839.79

Expired Credits at End of Annualized Period (Schedule 136)

Customers	kWh	Value	Total Value
212	1,645	$0.0920	$ 151.34

The value of excess credits for Schedule 135 in this Report is over $100,000 greater than in the prior year. No explanation is given for this significant growth. In reviewing Appendix A for more detail on excess credits the Office found that by far the majority of customers had no excess credits and for the majority of customers who did have excess credits the amounts were mostly relatively small. The excess generation value ranged from a low of $.02 to a high of $14,097.53.[4] Twenty-four customers had excess generation values over $500 and six were over $1,000. The interconnection dates for these customers ranged from 2011 to April 2017, so having limited months to use the credits does not provide an answer to the excessive amounts of excess generation. In the prior year's report, April 1, 2016 through March 31, 2017, nine customers had excess generation value amounts over $500, the largest being $1,556.26. It appears that six of those customers are also on this years'

[4] This customer had an interconnection date of 8/3/2016 and is not shown to have excess credits in the prior year.

report having excess generation values over $500. Future reports will show if these customers continue to exhibit a high level of excess generation or if their usage begins to more closely match the facility production.

Excess Credits from Schedule 135

Currently, the value of expired credits are transferred to the low-income rate program, to offset the amount collected in Schedule 91 (Surcharge To Fund Low Income Residential Lifeline Program). These credits represents a small portion of total low-income program benefits. The Office notes that effective May 1, 2017 the low-income surcharge was reduced due to an excess balance of $1.6M. (See Docket No. 17-035-T03, Commission order dated March 23, 2017.) At the reduced surcharge, the Company anticipates a collection level of $3,065,213. Last year the expiring credits comprised less than two percent of the total. (Since this year's value is significantly higher than last year, it would represent around five percent of the total.)

The treatment of net metering excess credits is governed by Utah Code 54-15-104 (4) which says:

> At the end of an annualized billing period, an electrical corporation's avoided cost value of remaining unused credits described in Subsection (3)(a) shall be granted:
> (a) to the electrical corporation's low-income assistance programs as determined by the governing authority; or
> (b) for another use as determined by the governing authority.

The Office was involved in the legislative process that resulted in this statutory language and understood at the time that many solar advocates supported this treatment with the understanding that the value of the excess credits created incremental value to the low-income program. In reality, the excess credits from Schedule 135 simply offset a very small portion of Schedule 91 rates.

In fulfillment of the commitment in paragraph 39 of the settlement stipulation filed August 28, 2017 in Docket No. 14-035-114 (Net Metering Settlement), the Office convened a meeting of interested parties "to discuss potential options for funding and administering a low-income solar program and whether such a program is in the public interest." In that meeting and subsequent related discussions, some parties expressed a desire to propose different uses for the value of expired credits from Schedule 135, in a manner that could be consistent both with the statutory language and the previous intent to create incremental value for low income customers. The Office expressed a willingness to consider supporting such a change.

Based on these discussions and additional consideration, the Office recommends that the low-income weatherization program would be an appropriate use for the value of excess credits. This program is well established, in part funded and administered through the DSM program, and always has a waitlist for participants. Our understanding is that the entities that administer the program are capable of making immediate use of the additional funds with the standard administrative fee of about ten percent of the budget. Using the excess credits in this way create incremental value for low income customers whereas applying credits to offset Schedule 91 create a small offset to rates paid by other customers, which is not incremental value for low income customers. For these reasons, the Office asserts that applying the value of excess credits from Schedule 135 to the weatherization program is in the public interest.

The Office anticipates that other party(ies) may propose a low-income solar program to which the value of excess credits could be applied. In the Office's view, such a program should be evaluated for issues such as:

- How many customers would be served?
- How complicated and costly is the administration of the program?
- Would the program create incremental benefits (as compared to both the current practice of offsetting Schedule 91 costs and the Office's proposal to use the credits to increase the weatherization program)?

The Office will provide comment on any specific proposals in its reply comments.

Excess Credits from Transition Customers

The Company notes that paragraph 21 of the Settlement Stipulation states:

> The Transition Export Credit and the Modified Transition Export Credit will apply against the power and energy charges only, and will not apply against monthly customer charges of minimum bills. Excess export credit values will carry over and apply against power and energy charges in subsequent month bills. At the end of a customer's applicable annualized billing period, the value of remaining unused credits shall be granted: (a) to the Company's low-income assistance programs as determined by the Commission, or (b) for another use as determined by the Commission.

In this Report the "Company proposes that, absent a Commission determination otherwise, the value of the remaining credits pertaining to Schedule 136 for the current reporting period, which are approximately $150, be credited to the low-income assistance programs, consistent with the treatment of the credits from Schedule 135. The Company respectfully requests the Commission determine the treatment of the credits in this docket". [July 2, 2018, Report cover letter at page 2]

The Office notes that paragraph 32 of the Settlement Stipulation in Docket No. 14-035-114, reads in part:

> "The difference between: a) export credits to Transition Customers throughout the Transition Period… and b) the market value of these exports adjusted for line losses will be recovered 100 percent through the Energy Balancing Account…"

Although the excess credits amount from Schedule 136 (Transition Customers) currently is very small at $150, this category of customers will be growing and it can reasonably be assumed that the excess credit value will also grow. The Office asserts that the appropriate treatment is to apply the value of excess credits from Schedule 136 as a credit to the EBA. Thus, the cost of the transition program, which will be shared by all customers subject to the EBA, would be partially offset through these credits. Paragraph 21 of the net metering settlement allows for the value of the excess credits from Schedule 136 to be “granted: (a) to the Company’s low-income assistance programs as determined by the Commission, or (b) for another use as determined by the Commission.” The Office notes that the Commission asked specifically about applying the value of excess credits to the EBA during the hearing addressing this settlement. At that time, the Office did not support the Commission ordering the EBA treatment because it had not been explicitly agreed to as part of the settlement. Within this docket, parties will have the opportunity to provide comment and recommendations and the Office maintains that it is an appropriate venue for the Commission to order an alternate treatment for the Schedule 136 excess credits. Thus, the Office respectfully requests that the Commission make the determination in this docket that excess credits from Schedule 136 will be applied as a credit to the EBA.

Recommendations

The Office recommends that the Commission acknowledge the Company’s Customer Owned Generation and Net Metering Report and Attachment A for the Period April 1, 2017 through March 31, 2018 as meeting Commission requirements for this Report.

The Office further recommends that the Commission order that the Company:

1) Transfer Schedule 135 excess generation values to the low-income weatherization program instead of the low-income rate assistance program.
2) Credit the value of excess generation credits attributable to Schedule 136 to the EBA.
3) Identify the applicable schedule when referring to Net Metering and Customer Generation in tables in future reports.

Copies to:

Rocky Mountain Power
    Joelle Steward, Vice President, Regulation
Division of Public Utilities
    Chris Parker, Director