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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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 Comments of Utah Clean Energy

Introduction.

On July 2, 2018 Rocky Mountain Power filed the 2018 Customer Owned Generation and Net Metering Report, including Exhibits A (2017 Customer Generation Report), B (Net Metering Excess Energy Evaluation), and C (Interconnection Report). On July 3 the Commission issued a Notice of Filing and Comment period establishing a schedule by which interested parties may submit comments on or before August 1, 2018 and reply comments on or before August 16, 2018. Utah Clean Energy appreciates the opportunity to present comments on the 2018 Customer Owned Generation and Net Metering Report. The purpose of our comments is to propose that expired Net Energy Metering ("NEM") credits are credited to the Utah Weatherization Assistances Program ("WAP") to provide additional services to low-income customers. We have prepared these comments in consultation with Utah WAP and Utah Community Action ("UCA") managers. We believe that this proposed change will result in improved services to low-income electricity customers, is aligned with the expectations of solar customers, and is clearly allowable by existing rules and statutes.

Background.

On September 29, 2017 the Commission approved a Settlement Stipulation in Docket No. 14-035-114, which introduced significant changes to Rocky Mountain Power's Net Metering Program including closing the Net Metering Program to new customers (Paragraph 11), grandfathering customers who are part of the Net Metering Program until December 31, 2035 (Paragraph 12) and establishing a new Transition Program (Paragraph 15) for new customers.[1] The Net Metering Program closed to new customers effective November 15, 2017, and customers who filed an interconnection application before that date have one year to construct and interconnect their solar installation.

According to the Company's 2018 report, there are currently approximately 30,000 customers who are part of the Net Metering Program. These customers, in addition to those who applied for interconnection before November 15, 2017 and who interconnect before November 15, 2018, will remain a part of the Net Metering Program through 2035 (unless a customer takes action as described in Paragraph 12, ending their eligibility for the Net Metering Program). Customers in the Net Metering Program accrue credits for exported solar energy that roll over from month to month until the end of the annual billing period, at which point they expire. The 2018 Annual Report denotes the balance of expired credits attributable to Net Metering customers, valued at $159,839.70 for this year. This balance has been applied to the Home

[1] Docket No. 14-035-114, In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program. Settlement Stipulation approved September 29, 2017.

Electric Lifeline Program ("HELP") in past years.[2] We propose that the balance is disbursed to the State of Utah Weatherization Assistance Program to provide additional weatherization services and potentially a solar pilot program for low-income families in Utah. The Utah WAP currently has a waiting list of families requesting services and the value of the expired NEM credits could provide additional services to low-income families in Utah.

As a part of the Settlement Stipulation, parties agreed "to meet during the second quarter of 2018 to discuss potential options for funding and administering a low-income solar program and whether such a program is in the public interest."[3] The Office of Consumer Services ("the Office") hosted this meeting, at which stakeholders identified expired NEM credits as a possible source of funding for a low-income solar program.

Utah Code 54-14-104 (Net Metering of Electricity) prescribes that excess energy generated from a NEM customer's solar array will be credited to the customer's next monthly bill until the end of the annualized billing period. During the 2015 Legislative Session, S.B. 110 (Public Utility Modifications) amended Utah Code 54-15-104 to specify that the avoided cost value of remaining unused credits 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.

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[2] The surcharge to fund the Home Electric Lifeline Program is administered through RMP rate schedule 91 (Surcharge To Fund Low Income Residential Lifeline Program) and qualifying customers receive service through RMP rate schedule 3 (Low Income Lifeline Program - Residential Service Optional for Qualifying Customers).

[3] Docket No. 14-035-114, In the Matter of the Investigation of the Costs and Benefits of PacifiCorp's Net Metering Program. Settlement Stipulation approved September 29, 2017. Paragraph 39.

Following the passage of S.B. 110, the balance of expired NEM credits has been credited to the HELP program, which provides qualified low-income customers with a credit of up to $12.60 per month on their electricity bill. The NEM credits are not additive to other existing sources of HELP funding – in other words, the balance of funds available to HELP did not increase with the addition of NEM credit value in 2015.

When S.B. 110 passed, it was Utah Clean Energy's understanding that the expired NEM credits would add supplemental value to the balance of funding available for income customer programs, to therefore serve additional families. Many rooftop solar customers are aware that the solar export credits are credited to support low-income customers, and also held the expectation that their credits would provide additional support to low-income customers, not offset existing funding. Instead, as Utah Clean Energy recently learned, the balance of expired NEM credits is offsetting funding for the HELP program, rather than providing incremental value through additional services to this population. As a result, the expired NEM credits are not currently being used to satisfy the legislature's apparent intent with S.B. 110—to provide *additional* services or assistance to low-income customers.

We propose to disburse the expired NEM credits to the Utah WAP program. Disbursement of funding to the Utah WAP will supplement existing weatherization services which have been provided to Utah families by experienced professionals for over 42 years, and in a timely manner while limiting overhead. We have consulted with the managers of the Utah WAP and the Utah Community Action Program (UCA), who have expressed that weatherization programs in Utah frequently have a long waiting list and that the additional resources could be used for weatherization and to explore a potential low income solar program.

This change will provide enduring financial savings to low-income homes in Utah that will result in more comfortable homes and long-term savings on energy bills.

Proposal.

Families with limited incomes must make impossible decisions when forced to balance monthly utility bills with other required household expenses. The inability to pay a utility bill can become life-threatening when summer temperatures soar above 100 degrees, or a member of the household is reliant on medical devices that require electricity. A monthly bill credit does not solve a major underlying problem: many Utah families live in leaky, inefficient homes and cannot afford the weatherization services needed to fix problems and improve the efficiency of their homes.

Utah Clean Energy proposes that the balance of expired NEM credits reported by RMP in their 2018 Customer Owned Generation and Net Metering report, an amount of $159,839.79, be disbursed to the Utah WAP under the Utah State Department of Workforce Services. This allocation of expired NEM credits is permissible under Utah Code section 54-15-104(4)(b) as "another use as determined by the governing authority." In the first year, we propose that the funding is allocated to Utah Community Action ("UCA"), as it is the largest of seven nonprofit and government subsidiary partners providing weatherization services for the WAP. Utah Community Action has a waiting list for services and would use the funding to provide additional weatherization services and explore a potential low-income solar pilot program. After the first year, the credits should then be distributed amongst the seven subsidiary WAP-administering organizations, according to the program's already established allocation formula. In the first year, the value of the expired NEM credits can be used by UCA to:

- Provide additional weatherization services to low-income homes in Utah immediately, and;
- Explore a pilot program to install solar arrays that will provide bill savings for customers that are receiving or have already received weatherization services.

We believe that disbursal of the NEM credits to the WAP is appropriate for the following reasons.

First, allocating the NEM credits to existing programing through the Department of Workforce Services will leverage these funds with over $7 million dollars in federal funds and add incremental value to the budget for state WAP projects. This will result in additional services to address the energy efficiency needs of underserved communities and disadvantaged families across the state.

Second, the allocation of NEM credits to an existing and experienced program will limit administrative overhead associated with distribution and use of the funds, and funding from this year can be processed and distributed to WAP contractors to provide services very quickly. The Utah WAP is subject to federal guidelines limiting administrative overhead associated with federal grants to no more than 10%. The Utah WAP Manager has indicated that additional contracts with weatherization service providers can be executed within 30 days of receipt of funds.

Third, UCA is planning to explore a program to provide solar installations for low-income customers and could apply lessons learned from that experience to expand the program. UCA received funding through a partnership with another service provider to provide five homes that have already received weatherization services with a small rooftop solar array.

Fourth, rooftop solar for low-income households that have participated in WAP will provide enduring savings on utility bills and increase equitable access to the benefits of renewable energy. The upfront capital cost investment of rooftop solar limits access to this clean energy technology for financially stressed families.

Fifth, use of the NEM credits to provide additional weatherization services and potentially a low-income solar program is better aligned with the expectations and understanding of Utah residential rooftop solar customers.

Additional Proposal Details.

The Department of Workforce Services works with seven nonprofit and government subsidiary organizations to provide assistance to low-income families at or below 200% of the federal poverty line (see Table 1). These local and regional agencies arrange and complete home weatherization services, including improvements to building insulation, air infiltration, preventing heating and cooling loss, efficient lighting upgrades, and reducing electric baseload consumption. These agencies use criteria to prioritize higher-need families, such as elderly individuals, families with young children, individuals with medical needs, and income relative to the federal poverty line (See Table 2). However, the need for services from WAP far surpasses availability, and there is often a waitlist of 12 to 36 months or more for families soliciting services.

Table 1: Income defining qualification for WAP services[4]

Number in Household	Monthly Income	Annual Income
1	$2,023	$24,280
2	$2,743	$32,920
3	$3,463	$41,560
4	$4,183	$50,200
5	$5,623	$58,840
6	$6,343	$67,480
7	$7,063	$76,120
8	$7,783	$84,760

Table 2: Priority service point system metric[5]

Elderly or disabled	+25 points
Preschool children in the home	+3 points per child
Every 6 months application is on waiting list	+10 points
Where household income is:	
Under 75% of the poverty level	add 40 points
75% – 100% of poverty level	add 30 points
101% – 125% of poverty level	add 20 points
126% – 150% of poverty level	add 10 points
151% – 200% of poverty level	add 0 points
*Additional priority points will be given if it is determined that your household has a high energy burden.	

[4] Provided by Utah County Weatherization services.

[5] Provided by Utah County Weatherization services.

As noted above, in the first year, we suggest that the WAP allocate funding to UCA, who provides weatherization assistance services to Salt Lake, Tooele, Davis, Weber, and Morgan counties. In subsequent years, the credits could be distributed amongst the seven subsidiary WAP-administering organizations, proportionate to the services demanded by the population. UCA serves 63 zip codes, but services are primarily concentrated in the zip codes of 84104 and 84116 where demand is much higher. In addition to standard weatherization services, UCA also maintains a weatherization crisis service call program in support of the Home Energy Assistance Target (HEAT) program. This program serves HEAT clients in energy-based crisis situations, such as the emergency replacement of furnaces, water heaters, or evaporative cooling for families in extreme seasonal weather. On average, between State FY 2016 and 2018 Utah WAP served an average of 440 households for weatherization and 356 for crises. UCA served an average of 145 and 126 households for weatherization and crisis services, respectively.[6] The 2012-2016 American Community Survey, a division of the US Census Bureau, estimates the percentage of families living below the federal poverty line, as defined by household income and number of individuals per household. According to these estimates, poverty levels in the zip codes served by UCA weatherization services range from 3.1% to 26.9% percent of families living *below* the poverty line, with an average rate of 12.2% of families.[7] By these measures, the zip code of 84104 has approximately 1,476 families living below the poverty line and therefore

[6] Information provided by Brad Carpenter, WAP Manager, Department of Workforce Services July 2018.

[7] 2012-2016 American Community Survey 5-Year Estimates, found at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk.

potentially qualifying for weatherization services.[8] It is clear that the potential need for weatherization services far surpasses the funding and ability of UCA to meet demand.

To understand the impact of the value of the expired NEM credits and the additional services provided, we propose that Utah WAP file a status report after one year. We suggest that the status report contain information about the number of families served by weatherization, crisis services, or solar, the type of weatherization and energy measures provided, and information regarding energy saved by participating units. This data will help to evaluate the impact of the program and also to better understand the demographics and energy needs of low-income families in Utah.

Low Income Solar Pilot Program.

Utah Community Action is primarily responsible for determining whether implementation of a low-income solar pilot program is a worthwhile and good use for a portion of the expired NEM credits. If UCA elects to pursue the program, it will also be responsible for executing and managing the program. However, UCE will volunteer staff time and services to aid in program development. We can consider lessons learned from UCE's energy efficiency pilot program, which targets residents of zip codes 84104 and 84116 (which have historically low participation rates in energy efficiency programs), in addition to lessons learned from UCA's long history of providing services to the target population. In this way, we hope to avoid creating an additional burden on UCA and to streamline the implementation of additional services. Our recommendations for a low-income solar pilot program are as follows:

[8] This does not take into consideration other qualifications necessary to acquire services, such as single-family home status, lack of previous weatherization services, and proof of ownership or approval from owner.

- We expect that participants in the low-income solar program will receive weatherization services at the same time to maximize the efficiency of their homes and that the program will prioritize households with elderly individuals, young children, individuals with high medical needs, and high energy burdens using the existing scoring criteria.
- Participating households will not have the entirety of their energy demand met by an installed rooftop solar array. The installed panels will serve to offset a proportion of their energy needs, resulting in energy bill savings.
- Additional criteria should be used to identify and prioritize homes that are well-suited for rooftop solar, ensuring maximum savings and impact. For example, a solar installation is less expensive on a home with updated electrical wiring and a roof that is in good condition, and a solar installation offers more economic benefits on a home that uses more energy and is subject to a higher per-kWh rate (although we also recommend completing weatherization services to improve efficiency before installing solar).
- We hope to leverage our partnership and relationships with the solar industry to solicit donations of solar equipment, installation services, or additional program funding to ensure that the limited funding available serves as many families as possible.
- We assume that participating homes will not be able to leverage the state and federal tax credits for solar, however we would explore partnering with a financial institution or third-party owner to leverage the benefits of the tax credit to stretch limited funding to cover more installations.

Solar Pilot Program Metrics.

A Utah family receiving assistance through the HELP program is credited up to $12.60 per month, or approximately $150 per year. We anticipate that leveraging discounted and

donated products and services to reduce the upfront cost of the solar installation will be key to ensure that as many families as possible can benefit from bill savings.

Solar arrays installed in the next few years will be part of the Transition Program. These customers will receive a 9.2 cent per kWh credit for energy exported to the grid and are grandfathered into the Transition Program until December 31, 2032. It is impossible to know how much of the electricity generated by the solar array would be used onsite, versus exported to the utility. In this analysis, we assume that 100% of the energy generated by the solar array is exported to the utility in exchange for a 9.2 cent per kWh credit. In reality, a home with a small solar installation would use most of the electricity onsite, resulting in bill savings of 8.8 – 14.4 cents per kWh, depending on the season and total household energy usage. This analysis also does not account for bill savings after 2032 as future rate schedules are unknown, so it does not include the value of energy generated and used onsite after 2032. As a result, the economic savings estimates we present are likely conservative. Given these assumptions, a participating family could expect to save at least $275 annually on their utility bill (See Table 3). Not only will participating homes save money in the first year, but savings will persist from year to year. A participating home could expect to save a total of $3,846 through 2032, and panels will continue to produce energy past 2032.[9]

[9] Most solar panels are warrantied by the manufacturer for 20 years.

Table 3. Estimated Program Costs & Benefits[10]

Costs w/o Tax Credits.	*Solar Array Cost* *Market Cost*	*Discounted (30%)*
Cost/watt	$2.80	$1.96
Cost of system	$5,600	$3,920
kWh generated annually	2,986	

Costs after Tax Credits.		
Federal tax credit (30%)	($1,680.00)	($1,176.00)
State tax credit (25% capped at $1,200 in 2019)	($1,200)	($980)
Cost of system	$2,720	$1,764

Benefits.	
Annual bill savings through 2032 (per home)	$275
Bill savings through 2032 (per home)	$3,846

Conclusion.

In conclusion, we believe that the proposed change will provide improved services to low-income customers in Utah, better align with expectations of Net Metering customers regarding the use of expired NEM credits, and is clearly allowable by Utah Code 54-15-104. We request that the Commission direct the Company to disburse the value of the Expired NEM Credits reported in the 2018 Customer Generation and Net Metering Annual Report to the Department of Workforce Services for use by the Utah Weatherization Assistance Program. We further recommend that the WAP provide a one year status report to the Commission, the

[10] A 2 kilowatt solar installation would generate approximately 2,986 kilowatt-hours per year, estimated using PVWatts and assuming a 2 kilowatt installation in Salt Lake City with system losses of 14.08%, a tilt of 20 degrees, and 180 azimuth. Schedule 136 provides a credit of 9.2 ¢ per kWh and customers who install solar while Schedule 136 remains available will remain on that rate schedule until December 31, 2032.

Company, and stakeholders. We suggest that the status report contain information about the number of families served by weatherization, crisis services, or solar, the type of weatherization and energy measures provided, and information regarding energy saved by participating units.

RESPECTFULLY SUBMITTED,

Utah Clean Energy

/s/ Kate Bowman

Kate Bowman

Renewable Energy Program Manager for Utah Clean Energy

CERTIFICATE OF SERVICE

Docket No. 18-035-2018

I hereby certify that a true and correct copy of the foregoing was served by email this 1st day of August, 2018, on the following:

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