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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: November 8, 2018

Re: Office of Consumer Services' Comments: Investigation Re: Expiring Excess Generation Credits under Schedule 135. Docket No. 18-035-39.

Background

In Docket No. 18-035-28, the Office of Consumer Services (Office), the Division of Public Utilities (Division), Utah Clean Energy (UCE), Utah Solar Energy Association (USEA) and Rocky Mountain Power (Company) filed initial and/or reply comments addressing various issues, relating to the Company's Net Metering Report[1] among them whether the treatment of expiring excess credits from Schedule 135 customers should be modified.[2]

On August 30, 2018, the Commission issued its decision wherein it declined to "modify the current treatment of expiring credits from Schedule 135 customers at this time."[3] In response to the Commission's decision the Office filed a Petition for Reconsideration and UCE filed a Petition for Review and Reconsideration on September 27 and September 28, 2018, respectively.

On October 10, 2018, the Commission issued a Notice of Intention to Open a Separate Docket to Examine Use of Expiring Excess Generation Credits. Therein the Commission gave notice that it did not intend to act on the Petitions, which by Statute has the effect of denial. *See* Utah Code Ann. § 63G-4-302(3)(b). The Commission declined to expand Docket 18-035-28 to consider the treatment of expiring excess generation credits but

[1] Specifically, Rocky Mountain Power's Customer Owned Generation and Net Metering Report and Attachment A for the Period April 1, 2017 through March 31, 2018.
[2] Numerous individuals also filed comments addressing the use of expiring excess energy credits.
[3] Correspondence from Gary L. Widerburg, Docket 18-035-28 at pg. 2.

expressed its intent to open a separate docket to consider alternative uses of the expiring credits.

On that same day October 10, the Public Service Commission (Commission) issued a Notice of Docket and Comment Period opening Docket Number 18-035-39, Investigation Re: Expiring Excess Generation Credits under Schedule 135. The Commission opened this docket for the purpose of considering alternative uses of expiring excess generation credits under Schedule 135. In opening this new docket The Commission provides an opportunity for interested parties to submit comments on this issue by November 8, 2018 and reply comments by November 27, 2018. In keeping with the Commission's schedule the Office submits the following comments regarding the treatment of expiring excess generation credits under Schedule 135.

Discussion

As stated above, in Docket No. 18-035-28, the Office, the Division, UCE, and Rocky Mountain Power filed initial and/or reply comments recommending that the current treatment of expiring credits from Schedule 135 customers should be modified.

Although the specifics of the offered proposals varied somewhat, all parties, apart from Rocky Mountain Power, argued that the funds from expiring excess credits be transferred to the Utah Weatherization Assistance Program (WAP).[4] No party advocated that the current treatment of expiring credits from Schedule 135 customers remain unchanged.
Utah Code § 54-15-104(4) is the statute governing the treatment of excess credits. It provides:

> 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.

Current use of the value of expiring excess credits

Since enactment of the statute cited above, the Commission has approved the transfer of "remaining unused credits" to the Company's low-income rate assistance program – Home Electric Lifeline Program (HELP), which provides low-income customers assistance in paying electrical bills. In doing so, the Commission explicitly ruled that the "value of expiring credits is to be additional (rather than offsetting) to revenue collected under Schedule 91."[5] That is, excess credits should provide low-income customers with incremental benefits.

[4] Additionally, UCE proposed using a portion of the funds to enable the WAP service providers to develop a solar pilot program without undue regulatory burden. The Division, Office and Company opposed this recommendation. USEA expressed its willingness to work with parties on such a project.
[5] *In the Matter of the Disposition of Remaining Unused Credits Associated with Excess Customer-Generated Electricity provided Under Utah Code Ann. § 54-15-104(4),* Docket 14-035-116, Order, at pg. 7, 2014 WL 5794708 (October 30, 2014, Utah P.S.C.)

Prior to this year, no parties opposed giving the expired credits to the HELP program or proposed different treatment.

As a result of a sharp increase in the amount of expiring excess credits and therefore the dollar value, identified in Rocky Mountain Power's annual Customer Owned Generation and Net Metering Report for the Period April 1, 2017 through March 31, 2018[6] parties began to consider other uses of those credits as allowed by § 54-15-104(4). Additionally, over time parties have come to recognize that the current practice of transferring the value of expiring credits to the HELP program is not providing incremental benefits as had been envisioned but rather creating the need to reduce the small amount charged to customers each month in support of HELP.[7] Hence, several parties including the Office recommended alternative uses of the funds in Docket 18-035-28.

Office recommendation regarding expiring excess generation credits under Schedule 135.

As the Office advocated in Docket 18-035-28, it continues to assert that the value of expiring excess credits presently worth $159,840.00 should be transferred to the WAP for use in weatherization services. While the Office supports providing bill assistance to low-income customers through HELP, transferring expiring excess credits to HELP does not provide any incremental benefit to low-income customers.[8] Providing these credits to the WAP would create incremental value to low income customers. This suggested use is allowed by existing law, since the statute explicitly includes "another use as determined by the governing authority". Moreover, the WAP is well established, has a participant waitlist and is subject to significant oversight.

Additionally, weatherization can provide longer-term benefits beyond assistance with bill payment such as HELP provides.[9] The weatherization program can assist in lowering on-going energy usage and therefore energy bills, as well as increasing comfort and safety in weatherized homes. As previously stated by USEA "the weatherization program works to reduce energy consumption in low-income households, which is in line with the motivation of rooftop solar customers."[10] The conservation of energy that can be achieved with weatherization is both consistent with the generating customers' goals and in the public interest.[11] The Office believes that it is significant that in Docket 18-035-28, using the

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[6] Docket No. 18-035-28.

[7] The funding for the HELP program is collected from Schedule 91, which is administered with the goal of a zero balance. Thus, if more funds are collected than are used as low-income bill credits, the Company will request to lower the rate that Schedule 91 collects. For example, on March 23, 2017 the Commission approved a reduction to Schedule 91 – Surcharge to Fund Low Income Residential Lifeline Program to reduce an excess balance of approximately $1.6M in the fund. For a residential customer the monthly surcharge was reduced from $0.20 to $0.16. Docket No. 17-035-T03.

[8] Transferring these funds to the WAP will not eliminate HELP, bill payment assistance will still be available through that program.

[9] Similarly the Company's proposal to transfer the funds to Lend-a-Hand will not provide longer term benefits.

[10] USEA reply comments, Docket No. 18-035-28, August 16, 2018 at pg 2.

[11] *See* Utah Code § 54-3-1 ("The scope of definition 'just and reasonable' may include,…means of encouraging conservation of resources and energy.")

expired credits for weatherization of low-income homes by the WAP was supported by the Division, the Office, UCE and USEA, only the Company suggested another use of the funds.[12] No party advocated that the current treatment of expiring credits from Schedule 135 remain unchanged.

We have no way of knowing if the current level of expiring excess generation credits will persist. The Office asserts that we should take advantage of this opportunity and maximize the value of these funds to weatherize as many low-income homes as can be accommodated. Thus providing incremental benefits to low-income customers and meeting the Commission's prior order for incremental value.

The Company has stated that the WAP has been unable to utilize all low-income weatherization funds available through Schedule 118. While the Office understands the Company's expressed concerns, we note that the inability to utilize all available funds does not result from lack of low-income homes in need of weatherization assistance, but rather from the requirements attendant to Schedule 118. The Office notes that the requirements of Schedule 118 could benefit from a thorough review[13] that might result in changes to the tariff, but such a review will take time and it is unlikely that any changes could be put in place during the current program year. Allowing the WAP to use the funds directly (rather than through Schedule 118) will provide incremental value to low-income customers and allow use of the funds without delay.

The Office reached out to Brad Carpenter, Utah Weatherization Program Manager, to verify whether the Office's proposal to send the value of those credits to the WAP is feasible without creating administrative burdens. The Office received a letter from Mr. Carpenter (included as an attachment to this memo) verifying that the WAP "would be more than willing and capable of receiving, distributing and administering the utility funds…" He states that the funds could be allocated to the existing network of weatherization agencies throughout the state. WAP clients served with the funds would be Rocky Mountain Power customers and the funds would only be used to purchase materials for measures that are not eligible for a rebate under the current Rocky Mountain Power Schedule 118 Low Income Weatherization Tariff, thereby eliminating the possibility of "double dipping". The funds would be used for materials only, not labor, therefore eliminating additional administrative burden. Mr. Carpenter further explains that the funds would be used to create an incremental benefit and would be used on measures that pass a Savings to Investment Ratio of 1 or greater over the life of the measure.

This verification from WAP confirms that the funds can be quickly put to use to provide incremental, long-term value to low-income customers Thus, the Office recommends, as it did in Docket 18-035-28, that the value of the excess expired credits from Schedule 135 be transferred directly to the WAP rather than being subject to Schedule 118 of the Company's DSM low-income related tariff.

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[12] The Company's proposal to transfer the funds to Lend-a-Hand will not provide longer term benefits.

[13] The Office has brought the issue of a Schedule 118 review to RMP's DSM Steering Committee. A DSM Steering Committee meeting that will focus on discussing the low-income DSM program is scheduled for December.

Recommendations

The Office reiterates its earlier recommendations that the Commission order that the value of Schedule 135 expired excess generation credits be transferred directly to the low-income Utah Weatherization Assistance Program without the constraints of the Company's Schedule 118 Low-Income Weatherization Program.

Copies to:

Rocky Mountain Power
    Joelle Steward, Vice President, Regulation
Division of Public Utilities
    Chris Parker, Director
Utah Clean Energy
    Sarah Wright
Utah Weatherization Program
    Brad Carpenter
AARP
    Danny Harris
USEA
    Ryan Evans

State of Utah

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25 October 2018

Michele Beck
Director
Utah Office of Consumer Services
160 E. 300 S.
Salt Lake City, UT 84111

The Utah Weatherization Assistance Program (WAP) would be more than willing and capable of receiving, distributing and administering the utility funds you refer to either as onetime funds or as an ongoing project. The Housing and Community Development Division of Workforce Services is authorized in state statue to receive such funds and the intent to which you propose those funds to be used is complementary to our program's main function. The funds could be allocated and distributed to our existing network of weatherization agencies ensuring equitable coverage of the entire state. Since we would be using existing systems and processes there would be no increased burden to the State WAP office.

To meet the requirements you outlined, that the funds be used to create an *incremental benefit without creating an additional administrative burden*, I would propose that we administer those funds under existing program rules. These funds would only be used on measures that passed a cost test resulting in a Savings to Investment Ration (SIR) of 1 or greater over the life of the measure. I would also stipulate the funds be used for materials only. By not allowing labor to be charged to the funds it would remove the need to charge allocated or indirect cost precluding the additional admin burden.

Since these funds are from Rocky Mountain Power (RMP) there would need to be a requirement that the clients served with these funds would be RMP clients so the originating funder realizes the incremental benefit of the measures installed. To ensure there is no "double dipping" there would also be a requirement that these funds only purchase materials for measures that are not eligible for a rebate under the current RMP Schedule 118 Low Income Weatherization Tariff. Our exiting program monitoring can easily be adapted to include checks to ensure the proposed provisions were being met.

I hope the information provided addressed your question of feasibility and provided enough details to show that implementation would meet the desired intent.

Bradley L. Carpenter
Weatherization Program Manager
HCDD/DWS

Cc: File