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Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission
From: Office of Consumer Service
Michele Beck, Director
Cheryl Murray, Utility Analyst
Date: April 23, 2019
Subject: In the Matter of Rocky Mountain Power's Subscriber Solar Program Status Report (Report). Docket No. 19-035-15

Background

On March 29, 2019, Rocky Mountain Power (Company) filed with the Utah Public Service Commission (Commission) its Annual Report (Report) of the Subscriber Solar Program (Program). As per the Amended Settlement Agreement in Docket No. 15-035-61 submitted October 8, 2015, the Report is to be filed on an annual basis. This Report covers the period January 1, 2018 – December 2018.

On April 1, 2019, the Commission issued a Notice of Filing and Comment Period providing interested parties the opportunity to submit comments on the Report on or before Monday, April 29, 2019 and reply comments no later than Tuesday, May 14, 2019. Pursuant to the Commission's order the Office provides the following comments.

Discussion

In the aforementioned Settlement Agreement the Company agreed to file a report updating the Program subscription rate and other material program statistics six months after program launch, and annually thereafter¹. Other than the subscription rate no specific requirements are detailed in the Settlement Agreement.

The Report includes a cover page and three exhibits:

¹ Amended Settlement Agreement, page 8 paragraph 23. Docket No. 15-035-61.

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Exhibit A consists of three items: 1) a brief overview of the Program; 2) 2018 Subscriber Solar Summary Report; and 3) Program Dashboard spreadsheets, which provide more granular detail.

Exhibit B is confidential and contains the current Program Costs Model. It also includes a proposed updated Program Costs Model, reallocating unspent budget to accommodate expansion plans for the Program for the next three years.

Exhibit C is a record of the 2017 retired renewable energy certificates (RECs)².

Exhibit D provides the results of a recent customer survey.

Initial Comments

The 2018 Subscriber Solar Summary Report Table (Summary Table) includes: Program Sales Summary for years 2017 and 2018, and Program Expenses Summary information for years 2015 through 2018 and Generation Status showing generation purchased, generation sold and unsold generation for years 2017 and 2018. However, the generation numbers are totals of January 2017-December 2018 with no separate amount given for each year. Cost of generation is provided for 2017 and for 2018 on the Dashboard spreadsheets but the total for the two years is slightly different than the total provided on the Summary Table. In response to an Office data request the Company offered an explanation for the difference which will be provided later in these comments in the section Corrections to Report.

In order to more easily determine how the Program performed for 2018 it would have been helpful for the Company to provide a table or chart containing all relevant 2018 information. While the Dashboard spreadsheets are helpful in reviewing the overall program results the Office recommends that information for the subject year of each Report should be provided in a single table. This table should also include the “unsold generation” amount for the year.

Subscription Status

The Company states that the subscription level at December 31, 2018 was 100% subscribed (20,000 blocks). Subscriptions were approximately 34% residential and 66% commercial.³ However, the Summary Table shows 2018 % Sold at 32.8% residential and 61.7% Non-Residential for a total of 94.4% sold. The 2018 Subscriber Solar Summary Report indicates that “The program remained sold-out throughout 2018 with only 123 of 240,000 unbilled blocks for the year primarily due to cancellations and gaps between billing cycles of new customer subscriptions.” This implies that the 100% participation and 94.4% sold do not precisely match because the percentages of participation vary depending on the timing of the calculation. The level of subscription indicates that the Program is successful.

² In response to OCS data request 1.5 the Company stated that “[t]he total cost for 2017 renewable energy credit (REC) retirements was \$240.74 and is included in the administration expense. The cost for 2018 REC retirements has not yet been posted”.

³ As in prior years no industrial customers are participating in the Program.

Financial Status

The Program is designed such that Program costs are paid for by subscribers to the Program with minimal potential cost-shifting to other customers. However, if Program costs are not fully recovered by subscriber revenue, there is a potential that some portion of the costs could be imposed on non-participating customers.⁴

In the Report the Company provides the following table:

Financial Status (000's)

Program Cost Budget	CY 2015	CY 2016	CY 2017	CY 2018	Total Budget	2015-18 Spend	Cancel Fees	Variance
Administration/Interest	\$10	\$265	\$279	\$284	\$838	\$486	\$34	\$385
Marketing	\$38	\$306	\$322	\$328	\$994	\$558		\$436
Billing System Updates		\$960			\$960	\$853		\$107
Total Program Costs	\$48	\$1,531	\$601	\$612	\$2,792	\$1,897		\$928

The Company states that the Program has to date spent approximately \$928,000 less than what was originally anticipated would be required to subscribe the Program at 100% through the 2nd year of production. The Office appreciates that the Company has been able to launch the Program and achieve a high participation rate without expending the entire budget originally allocated to acquisition. However, we note that the Program Cost Budget from the table above is focused on a comparison of originally projected (budgeted) expenses to actual expenses for administration, interest, marketing and billing system updates from 2015 through 2018 and does not include generation costs or revenues received. Therefore, it does not present a complete picture of the overall Program. The Office's recommendation for all information from a single program year to be contained in one table would remedy this incomplete presentation of information.

Generation Not Sold to Participants

Exhibit A "2018 Subscriber Solar Summary Report" for the generation status for the period Jan 2017 – Dec 2018 kWh indicates a cost for generation purchased of \$5,209,016.60 and generation sold at \$4,811,260.92 leaving \$397,926.67 of generation purchased but not sold to Program participants. In data request OCS 1.3 the Office requested the source of funding for the \$397,926.67. The Company responded that the terms of the amended settlement stipulation in Docket No. 15-035-61, states that generation costs of the solar resource are compared to the generation charges paid by solar subscriber customers and the difference is either recovered from, or credited back

⁴ Paragraph 21 of the Amended Settlement Agreement reads in part: "The parties agree that Program costs not recovered by subscriber revenue can be deferred and recovered through general rates provided they are consistent with initial Program cost estimates as detailed in Attachment 1."

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to Utah customers through the Energy Balancing Account.⁵ Thus, the \$397,926.92 was recovered through the Energy Balancing Account.

Corrections to Report

Cost of generation on the Dashboard spreadsheet is listed as \$5,206,267.59 and on the Summary Report generation purchased is identified as \$5,209,167.60. In response to OCS data request 1.4 the Company explained that the Dashboard spreadsheet amount (\$5,206,267.59) is correct and that the Summary Report amount is derived through a calculation of the average cost of kWh based on the contracted price of the power purchase agreement (PPA). Attachment OCS 1.4 corrects the Summary Report amount to match the Dashboard spreadsheet amount.⁶

The Subscriber Solar Credit – Excess Energy Valuation chart indicates how the Company calculated the value of the amount to be donated/credited to the low-income program. Specifically, the reference is to Schedule 37 prices from Docket 17-035-T07 using volumetric winter and summer energy prices for on-peak and off-peak hours for non-levelized base load facilities. However, the referenced Schedule 37 prices do not match those on the chart provided by the Company. In response to OCS data request 2.1 the Company explains that then current non-levelized tracking solar facilities Schedule 37 prices for were used for the valuation.

In response to OCS 1.4 the Company provided, as an attachment, an updated copy of the spreadsheet from Exhibit A which included the Corrections to Report issues discussed above.

The Office recommends that the Company file with the Commission its updated Exhibit A spreadsheet.

Company Future Plans

The Company states that based on its comparison of planned expenses (budget) to actual expenses it has an unspent balance of \$928,000 (Financial Status Table, Exhibit A). Confidential Exhibit B contains the current Program Costs Model and a proposed updated Program Costs Model that shows unspent budget that has been reallocated to accommodate expansion plans for the program for the next three years. The Company states it intends to file, in the second quarter of 2019 a request for approval for changes to the Program. The Company is not requesting changes in this filing. Therefore, the Office will not comment on any expansion plan at this time.

⁵ "The Parties agree that there will be no load adjustment and no change in allocation factors due to the Program. The solar resource will be included as a Utah-situs resource in net power costs. Amended Settlement Agreement, Docket No. 15-035-61 at 20.

⁶ Attachment OCS 1.4 is a corrected version of the spreadsheet provided as Exhibit A in the filing.

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Final Comments and Recommendations

The Office believes that with this Report the Company provides a useful tool to assist parties in understanding and monitoring the subscriber solar program. We recommend that in subsequent status reports the Company include a table containing all relevant information for the specific year of the report. We further recommend that the Company file with the Commission the updated Exhibit A spreadsheet provide in attachment OCS data request 1.4.

Attachments: Rocky Mountain Power responses to OCS data requests 1.3, 1.4 and 2.1.