State of Utah

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Division of Public Utilities

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Reply Comments

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Doug Wheelwright, Utility Technical Consultant Supervisor

Bob Davis, Utility Technical Consultant

Vana Venjimuri, Utility Analyst

Date: September 23, 2021

Re: **Docket No. 21-035-46, Acknowledge with Recommendation,** Rocky Mountain Power's 2021 Net Metering, Customer Generation and Interconnection Report for the Period April 1, 2020 through March 31, 2021.

Recommendation (Acknowledge with Recommendation)

The Division of Public Utilities (Division) has reviewed Utah Clean Energy's (UCE) comments filed on September 8, 2021, concerning Rocky Mountain Power's (RMP) Customer Owned Generation and Net Metering Report and Attachments for the annualized billing period ending March 31, 2021. The Division recommends the Public Service Commission of Utah (Commission) reject UCE's proposals for the treatment and use of the expired excess credits. The Division recommends the Commission acknowledge RMP's filing and direct RMP to file the additional data as requested in the Division's initial comments.

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Issue

On September 8, 2021, UCE filed comments proposing the Commission consider alternate uses for the Schedule 137 expired excess generation credits rather than using the credits to offset energy balancing account (EBA) net power cost (NPC) charges. The Division opposes UCE's proposals for the reasons stated herein. Silence on any of UCE's other proposals or issues in this docket does not mean the Division is supportive nor unsupportive of those proposals.

Background

The Commission's Order closed the Transition Program for Customer Generators, Schedule No. 136, to new customers and initiated Schedule No. 137, Net Billing Service.[1] Similar to Schedule 136, the parties agreed and the Commission supported, that surrendered excess credits for Schedule 137 would be treated the same as Schedule 136 and offset EBA net power costs until such time that data might support other uses of the excess credits.[2] The Division's initial comments for this docket noted that this year's report contains a partial year of Schedule 137 data as a result of the Commission's Order for Docket No. 17-035-61.

Discussion

The Division summarized RMP's 2020 report data in its initial comments for the reporting period of April 1, 2020 through March 31, 2021. To recap, RMP reported 7,166 new facilities composed of 6,237 Schedule 136 and 929 Schedule 137 customers.[3] As of March 31, 2021, RMP reported 400,126 kW of total generation, composed of 250,839 kW for Schedule 135, 142,455 kW for Schedule 136, and 6,832 kW for Schedule 137.[4]

RMP reported 17,834 Schedule 136 and 929 Schedule 137 customers in this year's Report with a value for excess credits of $531,034 and $1,059, respectively.[5] The expired credit values for Schedule 136 customers vary by class, $0.092 per kWh for residential customers to $0.034 per

[1] See Commission Order, Docket No. 17-035-61, October 30, 2020, p. 4, Section 3, https://pscdocs.utah.gov/electric/17docs/1703561/3161911703561o10-30-2020.pdf.
[2] Id., pages 20-21, Section h, https://pscdocs.utah.gov/electric/17docs/1703561/3161911703561o10-30-2020.pdf.
[3] 2021 Customer Generation Report, Section 1, Number of Customer Generation Systems, p. 1.
[4] *Supra* n.9, 2021 Customer Generation Report, Section 3, Total kW Combined Capacity, p. 3 of 6.
[5] Id., the Division continues to analyze excess and expired credits to monitor system sizing.

kWh for non-residential customers, with an overall average of $0.0910 per kWh. The expired credit values for Schedule 137 customers do not vary and are based on stacked[6] avoided costs. The stacked value for Schedule 137 expired credits is $0.0564 per kWh.

In its Order for Docket No. 17-035-61, the Commission states:

> *"Moving from a "kWh for kWh" net metering regime to one where Schedule 137 customers will be compensated for the value of their excess generation raises the legitimate policy issue of whether annual expiration still remains appropriate. Some parties discussed annual expiration as providing an important disincentive for a customer to over-size a CG system. The ECR should now accomplish that incentive because the highest and best use of CG, and the use that brings the greatest benefit to CG participants, is the energy they consume and thereby avoid purchasing from RMP. Nevertheless, we are mindful that if we were to eliminate annual expiration of accrued credits at this time, we would do so without any experience with how the ECR will influence the size of future CG systems. Given how challenging it would be to walk back from such a change, we consider it more reasonable to defer a decision on discontinuing annual expiration of credits until the effects of the ECR on system size can be evaluated empirically."*[7]

Having a partial year of Schedule 137 data from 929 customers with 6,832 kW of generation and $1,059 (18,786 kWh) in expired excess credits forfeited at the end of March, 2021, fails to represent an empirical illustration of Schedule 137 customers' sizing or use of their systems in any meaningful way for analysis at this time. As the Commission indicates in its order, without adequate data showing that customers appropriately size roof-top systems, it would be "challenging" to walk back any decision to eliminate the annual expiration of excess credits. Therefore, the Commission should reject UCE's proposal to eliminate the annual expiration at this time based on the lack of empirical evidenced.

UCE opposes the current treatment of excess Schedule 137 credits and instead recommends that the Commission either return the value of the excess credits to Schedule 137 customers through a bill credit or, alternatively, credit the excess value to the Home Electric Lifeline Program

[6] Stacked refers to one avoided value added to another for a final rate. In this case avoided energy is added to avoided generation capacity, avoided transmission capacity, and avoided distribution capacity which results in the final export credit rate.
[7] *Supra* n.2.

(HELP)[8] as incremental value, consistent with the treatment of expired credits under Schedule 135.[9]

The Division recommends the Commission reject UCE's proposal to return the excess credits back to Schedule 137 customers. Again, without adequate data demonstrating that Schedule 137 customers are sizing systems appropriately, it is difficult to speculate what affect returning the excess credits would have on customer behavior. If the data demonstrate that Schedule 137 customers are sizing systems correctly, then returning the credit may not influence sizing by much. However, if the data demonstrates that systems are oversized, returning the credit would reinforce the incentive to further oversize systems. The Division recommends that this decision would more appropriately be addressed when more data is available, potentially following RMP's next annual filing.

Finally, in principle, the Division is not opposed to UCE's alternative recommendation to use the expired excess credits in the Help program. However, the Division notes that based on recommendations from the Office of Consumer Services, RMP, and the Division, the Commission recently adjusted the HELP credits and surcharges in Docket No. 20-035-20 to deal with an over funded account. The Commission issued its Order based on findings from the Division's audit of the Lifeline program and increased the HELP credit from $13.47 per month to $13.95 per month with a five-month suspension of the Lifeline Surcharge.[10] Depending on the value of future excess credits from Schedule 137 and the performance of the HELP account, applying the excess credits to HELP may be a viable alternative. However, until adequate data is known about the amount of those excess credits, the Division recommends the Commission not make a decision to apply the excess credits to the HELP account.

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[8] See Rocky Mountain Power's Bill Payment Assistance programs, https://www.rockymountainpower.net/my-account/payments/bill-payment-assistance.html, and Workforce Services, Housing & Community Development, https://jobs.utah.gov/housing/scso/index.html.
[9] See Utah Clean Energy Comments, Kate Bowman, Docket No. 21-035-46, September 8-2021, p. 1.
[10] See Public Service Commission of Utah Order, Docket No. 20-035-20, August 26, 2021, p. 6, https://pscdocs.utah.gov/electric/20docs/2003520/3200992003520o8-26-2021.pdf.

Conclusion

The Division reviewed the comments filed by UCE on September 8, 2021 for RMP's Customer Generation Net Metering Report. The Division recommends the Commission reject UCE's conclusions and recommendations for the expired excess credits as stated herein based on the lack of empirical data. While the Division does not oppose using the expired credits in HELP, additional funds may complicate managing the HELP account balance and lead to future adjustments in the credits or surcharges under Schedule 91.

The Division concludes that RMP's filing complies with the Commission's reporting requirements and recommends the Commission acknowledge RMP's 2021 Customer Generation Net Metering Report. The Division requests that RMP include the supporting documentation for Section 6 of Attachment C in future reports.

Cc: Joelle Steward, RMP
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Michelle Beck, OCS
Service List