

Agenda Date: June 9, 2016
Item Number: A1

Docket: UE-160481
Company: Pacific Power & Light Company

Staff: Jason Ball, Regulatory Analyst

Recommendation

Take no action thereby allowing the proposed tariff revisions to go in effect by operation of law.

Background

On May 6, 2016, Pacific Power & Light Company (Pacific Power or company) filed revised tariff sheets to remove the current 4,550 kilowatts (kW) cap on participation by customers in net metering. On May 11, 2016, the company corrected tariff sheets after discovering an error in the proposed tariff language.

RCW 80.60.020 provides that:

An electric utility ... Shall offer to make net metering available to eligible customers-generators on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals ... 0.5 percent of the utility's peak demand during 1996. Not less than one-half of the utility's 1996 peak demand available for net metering systems shall be reserved for the cumulative generating capacity attributable to net metering systems that generate renewable energy.

Net metering provides credits for excess energy produced by the customer and supplied to the grid at the customer's current billing rate. Pacific Power's Schedule 135 offers net metering service to eligible customers that operate a fuel cell, combined heat and power, or renewable energy system, located on the customer's premises.

Discussion

The company is seeking to remove the cap on net metering capacity currently in its tariff. This cap represents about .54 percent of its 2015 peak demand.¹ Currently, Pacific Power has 462 customers on its net metering tariff.² According to the company's most recent Integrated Resources Plan, growth in Distributed Generation (DG) capacity on Pacific Power's system has increased substantially over recent years - growing from 515 kW in 2012 to an estimated 8,328 kW in 2016.³

¹ Company response to Staff Informal Data Request No. 1

² Company response to Staff Informal Data Request No. 2

³ Company response to Staff Informal Data Request No. 3

The company's proposed tariff changes make Schedule 135 substantially similar to the net metering schedule of Puget Sound Energy, Schedule 150. The level of DG operating on Avista Corporation's Schedule 63 tariff is currently well below the statutory threshold included in the Avista tariff.⁴ Therefore, removing the cap for Pacific Power is an important objective that carries on incentives for customers to install DG across the three electric Investor Owned Utilities (IOU).

Staff is continuing to work with each of the IOU's to evaluate and make proposals that appropriately reflect the costs and benefits of operating a Net Metering program – especially one that exceeds the amounts provided for in RCW 80.60.020. Staff is most concerned with ensuring that costs and benefits are appropriately aligned and that the principle of cost causation is not violated.

Conclusion

Given that the company's proposal to remove the cap on net metering currently in its tariff is consistent with the tariffs and operations of the other three IOUS's, staff supports the changes. Further, the minimal amount of DG currently on the company's system limits the potential for cost-shifting from DG customers to other customers served by Pacific Power. Staff anticipates analyzing the cost and benefits of DG customers in the company's next cost-of-service review.

Recommendation

Staff recommends the commission take no action thereby allowing the proposed tariff revisions to go in effect by operation of law.

⁴ Based on informal discussion with Avista Corporation.