

Agenda Date: September 12, 2024
Item Number: A1

Docket: UE-240565
Company: Puget Sound Energy

Staff: Wesley Franks, Regulatory Analyst

Recommendation

Take no action, thereby allowing the revisions to Tariff WN U-60, Schedule 667 and Schedule 686, filed by Puget Sound Energy on July 22, 2024, in Docket UE-240565, to go into effect September 13, 2024, by operation of law.

Background

On July 22, 2024, Puget Sound Energy (PSE or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to Tariff WN U-60, Schedule 667, Purchases from Distributed Solar Photovoltaic Systems, and Schedule 686, Solar Energy Credit Multi-Occupant Allocation Service. Each Schedule is summarized below:

- *Schedule 667*: Expands availability by removing minimum project size restrictions, aligns and simplifies solar incentive funding, and makes slight language updates.
- *Schedule 686*: Allows customers, beginning January 1, 2025, residing in multi-occupant buildings, including renters and commercial customers, to participate in a distributed solar project and receive solar credits from solar systems installed behind the owner's meter.

On Monday, August 26, 2024, the Company filed replacement pages to reflect a later effective date of September 13, 2024, per discussion with Commission Staff (Staff), to extend the comment period.

On Wednesday, August 28, 2024, and Friday, August 30, 2024, the Commission received comments from the Washington Solar Energy Industries Association (WASEIA) and the Northwest Energy Coalition (NVEC), Spark NW, and Olympia Community Solar, respectively.

Discussion

Staff supports the tariff revision, submitted by the Company and filed July 22, 2024, and recognizes the Company's ongoing efforts to engage early and often with its Conservation Resources Advisory Group (CRAG) to solicit review and feedback for Schedule 667 and Schedule 686. Staff participated in these CRAG discussions and highlight the Company's efforts in developing its first distributed solar program for multifamily residents under Schedule 686.

Compensation Rate for Distributed Solar: PSE proposes that the solar export rate for customers taking service under Schedule 686 be \$0.067130 per kWh. This is *consistent with the rate* PSE is

including with other distributed solar programs, such as their community solar program under Schedule 667, and is based on the cost of a generic distributed solar resource in their Integrated Resource Plan modeling. However, this compensation rate contrasts with that under its net energy metering (NEM) program, under Schedule 150. Exported energy in Schedule 150 is compensated at retail rate (i.e., the same rate at which the utility charges for retail customer electricity use). Importantly, the solar export rate relevant to Schedule 686 is significantly lower than the retail rate, meaning there is a parity concern between the Company's distributed solar programs. It remains an open question as to whether the compensation rates under each of the Company's distributed solar programs should be similar or different, and to what extent.

Staff does not advocate for using the retail rate in other distributed solar programs at this time,¹ nor does Staff propose an alternative rate here. Staff believes that there is currently not enough information needed to make an informed recommendation regarding the rate, such as the information that will be provided by the Washington Academy of Sciences *Value of Solar and Storage Study*,² the Company's work to conduct distributional equity analysis of its distributed solar resources, and continued engagement with Staff, the Company's CRAG, its Equity Advisory Group, and its Low-Income Advisory Group.

The proposed multifamily distributed solar program should be advanced concurrent with ongoing work to identify an appropriate compensation rate. In line with the joint comments explained below, additional feedback, information, and analysis is needed, which further supports an appropriate compensation rate. During informal conversation with Staff, the Company emphasized its practice and willingness to update tariffs when new and/or improved information is made available. Staff affirms its expectation that the Company will propose future adjustments to its distributed solar tariffs, including Schedule 686, as new and/or improved information becomes available, working in good faith with other interested persons to incorporate feedback that reflects an appropriate and equitable solar compensation rate.

Feedback from Interested Persons: NWECA, Spark NW, and Olympia Community Solar provided joint comments specific to Schedule 686 that outline concerns and associated recommendations, including compensation rate parity, number of solar energy credit allocations, occupant meter location, and necessity for pilot implementation.³ While Staff recognizes the importance of the issues raised, Staff does not provide affirmative support for the proposed recommendations at this time and encourages interested persons to work with the Company to address any concerns. WASEIA's comments, specific to Schedule 667, express concern that the solar export rate may be used as a precedent in establishing a successor tariff and recommend that the UTC affirm that

¹ Staff outline the equity considerations of PSE's NEM program in Staff comments, filed February 22, 2024, in Docket UE-231031.

² See <https://washacad.org/projects-publications/value-of-solar/>.

³ *Tariff Revisions Regarding Schedule 667 for Purchases from Distributed Solar Photovoltaic Systems and Schedule 686 for Solar Energy Credit Multi-Occupant Allocation Service*, Docket UE-240565, Joint Comments on Behalf of the NW Energy Coalition, Olympia Community Solar, and Spark Northwest on PSE's Schedule 686, page 2, (August 30, 2024).

future adjustments to the compensation rate be informed by the Washington Academy of Sciences *Value of Solar and Storage Study*. As noted above, Staff expects the Company to adjust its distributed solar programs as new and/or improved information is made available, which may also be informed by the Company's engagement with interested persons and/or by analysis of the Company's reporting metrics.

All commenters discuss the methodology for PSE's current solar export rate, with WASEIA asking that the UTC seek further information from the Company, while NWECA, Spark NW, and Olympia Community Solar recommend that PSE provide further justification and supporting workpapers. Staff notes here the importance of the Company working with interested persons in development and improvement of its distributed solar programs. During informal discussion, the Company expressed its willingness to work with Staff and interested persons to better understand the methodology for its current solar export rate.

Conclusion

Staff highlights that determining what the appropriate compensation rate for each of PSE's distributed solar programs is an open question, larger than the one implied by this specific filing. The proposed multifamily tariff should be allowed to go into effect, while work conducted both by the Company and by other groups, is ongoing.

Staff recommends the Commission take no action, thereby allowing the revisions to Tariff WN U-60, Schedule 667 and Schedule 686, go into effect September 13, 2024, by operation of law.