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DEPARTMENT OF COMMERCE

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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket UE-240565: PSE Tariff Revisions Related to Distributed Solar

Dear Mr. Killip,

The Department of Commerce - State Energy Office (Commerce) appreciates the opportunity to provide comments on Docket UE-240565.

Commerce supports PSE's proposed changes to Schedule 667 (Purchases from Distributed Solar Photovoltaic Systems) and commends PSE for taking the initiative to file Schedule 686 (Solar Energy Credit Multi-Occupant Allocation Service). Currently, absent a limited exception for meter aggregation, only customers with generation interconnected to their individual meter can participate in onsite solar energy generation and receive credit on their electric bills. This is an inequity compared to owners of single-family homes, who can install solar on their roof and receive credit for electricity generated onsite. To overcome this barrier to providing bill credits, some projects have elected to convert an individually metered apartment building into a master metered property. This is a perverse outcome as it eliminates each customer's autonomy over their electric bill and obfuscates economic incentives for energy efficiency, demand response, and other load flexibility options that are critical to an affordable, reliable, and equitable clean energy transition.

Solar for All

Our agency is particularly interested in expanding opportunities for multifamily residences because it will soon be offering programs to expand access to solar energy. In September 2023, the Department of Commerce applied to the U.S Environmental Protection Agency's Solar for All opportunity under the Greenhouse Gas Reduction Fund, authorized by the Inflation Reduction Act. Solar for All aims to reduce the energy burden faced by residential households through solar deployment in low-income and disadvantaged communities. On April 22, 2024, the Department of Commerce received notice that it would receive an award of \$156 million under Solar for All on behalf of Washington State.

Commerce's implementation of Solar for All¹ includes four programs that address the different challenges that limit access to solar based upon where people live. One of the four programs, the

¹ [Solar for All - Washington State Department of Commerce](#)

Bridging Energy Affordability through Multifamily Solar (BEAMS), will deploy solar on multifamily affordable housing properties for the benefit of tenants. To participate, projects will need to provide benefits from the solar energy generated to tenants ideally as electric bill credits if the building is individually metered. PSE's proposed Solar Energy Credit Multi-Occupant Allocation Service is critical for reducing energy burden for residents of multifamily affordable housing properties through Solar for All.

We also appreciate that PSE's proposed Solar Energy Credit Multi-Occupant Allocation Service would be available to tribal members participating in a solar photovoltaic system located on tribal land. Another program under Commerce's Solar for All plan is a Tribal Solar Program that will be co-developed with tribes during the program planning year. The Tribal Solar Program will center principles of tribal sovereignty and self-determination and will enable tribes to design and implement their own projects. Enabling tribal members to participate in Schedule 686 for projects located on tribal land will help reduce barriers for tribes in PSE's service territory in leveraging in Solar for All funding.

Comments from Other Interested Parties

Commerce shares some of the equity concerns raised by the Northwest Energy Coalition (NVEC), Spark NW, and Olympia Community Solar. Specifically, Commerce recognizes that occupants of multi-tenant properties with an onsite solar energy system will receive compensation for exported electricity that is considerably lower than the effective compensation received by customers with net metered onsite solar energy systems (i.e. full retail rate). Net energy metering, however, is a statutory provision under Chapter 80.60 RCW that applies in specific circumstances. The Commission has not required that PSE or other utilities apply this compensation method more broadly than the statute requires. PSE's proposed solar export rate of \$0.067130 per kWh is consistent with the rate that PSE has already included for other distributed solar programs. In addition, community solar projects are more analogous to the multi-tenant scenario than a single, behind the meter system. Commerce agrees that additional discussion and analysis of appropriate compensation rates for distributed generation is warranted but Commerce does not believe this docket is an appropriate forum for that broader policy discussion.

We would not support the suggestion that Schedule 686 be limited as a pilot program subject to review after two years. First, it seems unlikely that any definitive results on appropriate compensation will be available within two years. The Washington State Academy of Sciences (WSAS) in July started a project to evaluate the value of distributed solar and storage study, which is administered by Commerce and funded in the 2024 supplemental budget. This study is anticipated to continue into FY 2027, subject to additional appropriations from the Legislature to continue this work in the next biennium. If there is a desire to use the outcomes and recommendations of this study to inform appropriate distributed generation compensation rates, it is important to know that they will not be available for over two years. Second, customers should be provided with reasonable confidence in the expected compensation they will receive at the time they make a long-term investment to install solar, and a two-year pilot structure would not provide that certainty. PSE customers installing solar under Schedule 686 should have some reassurance that at a minimum the compensation they receive for exported energy will not be dramatically decreased until they have the chance to recoup their financial investment through electric bill savings. It simply will not be possible for these investments to break even over a two year time horizon.

We also recommend against the suggestion that PSE remove the requirement that generation equipment be located on the same or contiguous parcel as the Occupant Meter. The purpose of Schedule 686 is to open access to onsite solar for residents of the property. Importantly, the allocation of bill credits will be tied to the electrical meters onsite, allowing customers to move out and move in to

the property with reduced administrative burden and costs on the program. PSE's existing community solar tariff allows customers anywhere in PSE's service territory to participate in community solar projects; this tariff has a separate and distinct purpose. While it is often the case that a multifamily building lacks adequate space to generate 100% of the occupants' electricity requirements, our understanding is that PSE customers may participate in both Schedule 686 and in Schedule 134 (community solar) to maximize their bill savings through distributed solar deployment.

Conclusion

Commerce supports approving PSE's proposed tariff revisions as filed and hopes that the UTC will permit the revisions to Tariff WN U-60, Schedule 667 and Schedule 686 go into effect on September 13, 2024. Commerce look forward to staying in contact with UTC staff on future conversations about the value of distributed generation and as the WSAS' value of distributed solar and storage study unfolds.

We also recommend that the UTC encourage Avista and PacifiCorp to follow PSE's lead in exploring tariffs that, at a minimum, enable their customers who live in multifamily housing to receive credit on their electric bills for onsite solar energy generation. Commerce will be implementing a year-long program planning year under Solar for All, and we anticipate that funding will be available by winter 2025. It would be beneficial for all investor owned utilities to create mechanisms for their customers to receive bill credits for distributed generation, whether they live in single family homes or in multi-tenant properties. We look forward to working with UTC staff to ensure the state can leverage the once in a lifetime opportunity under Solar for All to reduce energy burden through solar deployment.

We appreciate the opportunity to provide comments on this important docket. Please direct any questions concerning these comments to Nora Hawkins, Senior Energy Policy Specialist at 360 725 3069 or nora.hawkins@commerce.wa.gov. We look forward to continuing to collaborate with the UTC to advance the equitable deployment of distributed energy resources throughout Washington.

Sincerely,

A handwritten signature in blue ink, appearing to read "Glenn Blackmon".

Glenn Blackmon, Ph.D.
Director, Energy Policy Office