

Agenda Date: January 10, 2019  
Item Number: C1

**Docket:** UE-131883  
**Companies:** Avista Corporation  
Pacific Power & Light Company  
Puget Sound Energy

**Staff:** Kyle Frankiewicz, Regulatory Analyst

### **Recommendation**

Direct the Executive Director and Secretary to issue in this docket the letter attached to this memo, thereby halting the previous request for distributed generation reports and requesting that the three investor-owned electric utilities complete and submit a revised Distributed Generation Annual Report every August 1.

### **Background**

The electric investor-owned utilities (IOUs) file reports every August 1 and February 1 pursuant to a letter issued by the Executive Director and Secretary.<sup>1</sup> Broadly, the current distributed generation (DG) reports are an effort to track and understand two components of distributed generation - system impacts and utility planning; and financial incentive management.

These reports were first filed in August 2016. SB 5939, passed in 2017, significantly changed the renewable investment cost recovery incentive offered under RCW 82.16.<sup>2</sup> One of the components of the overhaul was a rearrangement of the roles and responsibilities for certifying systems and for calculating incentive payments. Prior to the change in the law, this process was managed by the IOUs. The Washington State University (WSU) Energy Program is now responsible for certifying systems, and determines the level of incentives to be paid by the IOUs. The reporting due on February 1, 2019, covers July 2017 through June 2018, and hence is the first cycle that would include reporting on the incentive program after the reorganization.

### **Discussion**

Staff's goal is to ensure that the commission has all the information needed to provide effective regulation and oversight, while reducing workload and regulatory burden as much as possible. In the course of discussions with the IOUs and with other stakeholders, staff found that many of the details required under the current reports necessitate a significant amount of time and effort for the IOUs, and provide minimal benefit to the commission.

Staff recommends discontinuing the February reports and modifying the August reports by removing the data requirements that provide minimal value to the commission while adding significant workload to the utilities. A description of the contents of the current reports, the changes proposed by staff, and the rationale for the proposed changes is provided in Table 1 below.

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<sup>1</sup> Docket UE-131883, Letter Requesting Distributed Generation Reports, filed May 20, 2016.

<sup>2</sup> Senate Bill 5939, passed July 7, 2017.

<https://app.leg.wa.gov/billssummary?BillNumber=5939&Year=2017>

**Table 1. Proposed changes to distributed generation reporting requirements**

<i>Report</i>	<i>Current contents</i>	<i>Proposed change</i>	<i>Reasoning for proposed change</i>
Net Metering Annual Report (due August 1)	<i>System information:</i> number and aggregate capacity size of new systems by technology type (May-April), number and size of all systems by technology type	No changes to data collected; combine with Non-Net Metered Distributed Generation Report	Single, unified Distributed Generation Annual Report with two sections – net metering and non-net metered – creates clearer reporting obligations
	<i>Net metering credits:</i> aggregated metering credits available to customers by month	Report only net metering credits expired on April 30	Monthly tally is highly burdensome to provide; minimal value to commission
	<i>Energy production data:</i> kWh produced, kWh consumed at site, kWh exported to IOU's system - on a <i>monthly</i> basis	Report same figures on an <i>annual</i> basis	Monthly data is highly burdensome to provide; minimal value to commission
Non-Net Metered Distributed Generation Annual Report (due August 1)	<i>System information:</i> number and aggregate capacity size of new systems by technology type (May-April), number and size of all systems by technology type	No changes to data collected; combine with Net Metering Annual Report	Single, unified Distributed Generation Annual Report with two sections – net metering and non-net metered – creates clearer reporting obligations
State Tax Incentive Annual Report (due February 1)	<i>System information:</i> number and aggregate capacity size of new systems by technology type (July-June), number and size of all systems by technology type	Discontinue	Redundant with proposed Distributed Generation Annual Report
	<i>Available tax credits for incentive payments:</i> Total available; total paid to participants; community solar caps and payments	Discontinue	Certification and payment determination now managed by WSU Energy Program
	<i>Plan and rate info:</i> IOU's plan if payment obligations exceed credits available	Discontinue	Program cap is now managed by WSU Energy Program
Net Metering Report Six-month Update (due February 1)	<i>System information:</i> number and aggregate capacity size of new systems added (May-October)	Discontinue	Six-month updates provide minimal value to commission
Non-Net Metered Distributed Generation Report Six-month Update (due February 1)	System information - number and aggregate capacity size of new systems added (May-October)	Discontinue	Six-month updates provide minimal value to commission

### *August 1 reports*

The ongoing integrated resource planning (IRP) rulemaking includes a focus on transmission and distribution planning; the data currently collected for the DG reports would become part of the delivery system integration planning process being developed.<sup>3</sup> Staff suggests revisiting the necessity of the proposed August reports after the IRP rulemaking is completed and fully implemented.

### *February 1 reports*

SB 5939 rearranged the roles for the tax incentive payment process. Prior to SB 5939, utilities were responsible for managing the incentive cap; PSE, for example, prorated the incentive payments once the cap was reached. With SB 5939 in effect, WSU manages the cap by halting certification for any new systems that would cause a utility to exceed its cap. WSU also handles all of the payment calculations; IOUs simply issue payment based on WSU's direction. Because of the change, the current February 1 report template asks the IOUs for information they do not have and for which they are not responsible.

Staff developed these proposed changes and the proposed Distributed Generation Annual Report template in collaboration with the IOUs and with the WSU Energy Program. Staff is satisfied that the companies and WSU will be responsive to any future data needs. The WSU Energy Program has public reporting obligations as well. Examples of this reporting are not available at this time, but are likely to be a useful resource for information on distributed generation at the utility level.

### *Non-utility stakeholder outreach*

Staff contacted some non-utility stakeholders to see whether the current reports are useful and often referenced. Staff understands that some stakeholders do not use the current DG reports for any purpose, but some organizations review these reports to gain a more nuanced understanding of generation patterns for customer-owned generation. Staff believes the open meeting provides stakeholders with an opportunity to voice their perspectives and offer their expertise as the commission determines the future of these reports.

## **Recommendation**

Direct the Executive Director and Secretary to issue in this docket the attached letter requesting that the three investor-owned electric utilities discontinue previous DG reports and submit a Distributed Generation Annual Report every August 1, based on the attached report template.

Attachment 1: Letter Revising Request for Distributed Generation Reports

Attachment 2: Distributed Generation Annual Report template

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<sup>3</sup> The IRP rulemaking is Docket U-161024.