BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION Complainant, v. PACIFICORP dba PACIFIC POWER & LIGHT COMPANY Respondent.	DOCKET NOS. UE-230172 AND UE-210852 *(Consolidated)*

TESTIMONY OF

CHARLEE THOMPSON

ON BEHALF OF

NW ENERGY COALITION

September 14, 2023

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Charlee Isabella Thompson, and I am a Policy Associate at the NW Energy Coalition ("NWEC" or the "Coalition"). My business address is 811 1st Ave., Suite 305, Seattle, WA 98104.

Q. Please describe your background and experience.

A. As a Policy Associate with NWEC, I support the Coalition's policy, regulatory, and legislative work in Washington. My portfolio at NWEC includes solar and distributed energy resources policy, utility implementation of the Clean Energy Transformation Act, and issues that impact low-income utility customers.

Previously, while in graduate school, I worked as an intern with The Energy Project ("TEP") advocating for low-income utility customer interests in Clean Energy Implementation Plans and supported the development of TEP's policy positions in rulemakings in dockets U-200281 and U-210800. Through a fellowship with the Yale School of the Environment, I worked at GRID Alternatives, a nonprofit organization that installs solar in and advocates for policy on behalf of underserved and frontline communities across the nation. At GRID Alternatives, I performed research and data analysis on California's investor-owned utilities' clean mobility and solar programs. In these roles, I presented my work to the Washington Utilities and Transportation Commission (the "UTC" or the "Commission") and California Air Resources Board.

I serve on Pacific Power's Low-income Advisory Committee and the Technical Advisory Committee for the Department of Commerce's low-income

energy assessment report. I am also currently serving on the Technical Advisory Group for the E3 net metering report.

My background and first-hand experience are the basis for my expertise and qualifications to testify as an expert on the issues raised in my testimony.

I have a B.S. in Civil Engineering from the University of Illinois at Urbana-Champaign and a M.P.A. in Environmental Policy from the University of Washington. My CV is included as Exhibit CT-2.

Q. On whose behalf are you testifying.

A. I am testifying on behalf of the NWEC.

Q. What is the purpose of this response testimony?

A. My testimony focuses on Pacific Power's (or the "Company's") proposed Schedule 138, Net Billing Service, as a successor net energy metering ("NEM") program to the current Schedule 135, Net Metering Service.[1] I recommend the Commission reject Pacific Power's proposed Schedule 138 and continue NEM service under Schedule 135 until at least such time that statewide efforts to determine appropriate next steps for customer-generator compensation have concluded. The Commission should also require a third-party value of exported energy study and any other relevant data that could help inform the Commission regarding rate design and compensation for customer-generators before a new proposal is filed.

[1] *See* Exhibit RMM-1T at 40-45.

Q. Please summarize your testimony.

A. Section II describes NEM and Pacific Power's current Schedule 135 Net Metering Service and Pacific Power's claims regarding the current tariff. Section III then describes net billing and Pacific Power's proposed Schedule 138. I explain NWEC's concerns that the proposed Schedule 138 will lead to customer confusion and will discourage customer investments in DERs. Section IV addresses time-of-use ("TOU") rates, which I am not opposed to exploring for customer-generators but which Pacific Power has not adequately demonstrated are appropriate at this time for use in Schedule 138 or any NEM tariff. Section V addresses the timing for a transition from Schedule 135 to any other successor tariff. Section VI describes two ongoing statewide efforts considering whether and how to continue NEM in Washington, and how Pacific Power should respect these ongoing processes by waiting until their conclusions before proposing changes to customer compensation for solar generation. Section VII concludes with my recommendations, which are: (1) The Commission should reject Pacific Power's net billing service proposal (Schedule 138), and continue NEM service under Schedule 135 until at least such time that statewide efforts to determine appropriate next steps for customer-generator compensation have concluded; and (2) the Commission should also require a third-party value of exported energy study and any other relevant data that could help inform the Commission regarding rate design and compensation for customer-generators before a new proposal is filed.

Q. Please summarize Pacific Power's NEM successor program proposal.

A. Pacific Power proposes new Schedule 138, Net Billing Service, which would establish an interim successor program to the current Schedule 135, Net Metering Service.[2] Pacific Power contends that the current program—Schedule 135 Net Metering Service—will reach its capacity threshold of 37.2 MW as referred to in RCW 80.60.020 by the end of the two-year rate plan.[3] Schedule 138 is proposed as an interim successor tariff which would go into effect upon the capacity threshold being reached. At that time, all new customer-generator applications must apply to take service under Schedule 138.

Despite Pacific Power's contention that 100 percent retail credit for exported energy is not sustainable long-term,[4] proposed Schedule 138 would retain the full retail credit structure[5]—at least in the very short term. The main difference between Schedule 135 and proposed Schedule 138, at inception, is that customer-generators under Schedule 138 will be required to take service "on a rate schedule that has time-of-use prices."[6] Pacific Power points out that TOU service is necessary to ensure participants shift their export of energy to high demand periods of the day.[7]

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2 *See* Exhibit RMM-1T at 40-45.
3 RMM-1T at 40:17-18. As explained below, NWEC does not agree with PacifiCorp that this capacity threshold is a limitation or otherwise precludes net metering above the threshold.
4 RMM-1T at 44:18-19.
5 RMM-1T at 41:13-15.
6 RMM-1T at 41:19-20.
7 RMM-1T at 41:20-22.

Like current Schedule 135, proposed Schedule 138 would only allow customer-generators to offset the variable portion of their bill, while retaining the requirement to pay the basic charge, with rollover credits for export generation that exceeds imports. Both Schedule 135 and proposed Schedule 138 eliminate excess rollover credits every March, resetting the rollover credit period at that time.

II. CURRENT SCHEDULE 135 NET METERING SERVICE

Q. Please define net energy metering.

A. Under a NEM tariff, customer-generators receive bill credits for excess energy generation (for example, from a solar array or wind turbine) that is exported to the grid during times when it is not consumed onsite. These bill credits are applied to customers' monthly bills at their utility tariff retail rate (which includes generation, distribution, and transmission costs). In Washington, NEM is governed by a statute that requires utilities to credit customers at a full retail rate until that utility hits a defined threshold, after which a utility can elect—but is not required—to file a new proposed tariff with its regulator or governing board.[8]

Q. Please summarize PacifiCorp's current Schedule 135.

A. PacifiCorp's net metering service is available to customers under Schedule 135 on a first-come, first-served basis, until the earlier of June 30, 2029, or the first date upon which the cumulative generating capacity of net metering systems equals four percent of the utility's peak demand during 1996, or 37.2 megawatts of capacity, as referred to in RCW 80.60.020. Customer-generators' bills are netted monthly and

[8] RCW 80.60.

are credited per kilowatt-hour if the energy purchased from the Company is less than the energy they generate and supply to the Company. Any remaining unused kilowatt-hour credits expire each March and are given to the Company without compensating the customer. Schedule 135 also grants the customer-generator the ability to aggregate meters and allows for multifamily facilities to distribute benefits to tenants of the facility.[9]

Q. What concerns has Pacific Power expressed regarding Schedule 135?

A. Pacific Power expresses concern about the 37.2 MW threshold being reached within the duration of the two-year rate plan and the need for "an interim tariff solution to allow for continued customer-generator participation" when the threshold is reached.[10] Furthermore, the utility contends that retail rate compensation for exported energy from customer-generators is "not sustainable."[11]

Q. Why is Pacific Power concerned about reaching the 37.2 MW threshold within the duration of the two-year rate plan?

A. Pacific Power states that it seeks a "structure that will allow customer-generators to continue to participate in generating power and being credited for exporting it back to the grid until a more permanent solution can be implemented."[12]

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9 *Schedule 135 Net Metering Service,* Pacific Power (Jan. 1, 2021), https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/washington/rates/135_Net_Metering_Service.pdf.

10 RMM-1T at 40:15-20.

11 RMM-1T at 44:19.

12 RMM-1T at 40:22-41:2.

Q. Can Pacific Power continue to offer NEM service under Schedule 135 after the 37.2 MW threshold is reached?

A. Yes. While I am not an attorney and NWEC may address this question in legal briefing, my general understanding is that RCW 80.60.020 does not provide direction that electric utilities *must* propose a different successor program after the threshold is reached. Rather, the statute states that "[a]n electrical company *may* submit a filing with the commission to develop a standard tariff schedule that deviates from RCW 80.60.030 for eligible customer generators."[13]

Q. Has Pacific Power reached the 37.2 MW threshold?

A. No. Pacific Power states that its net metering system capacity was approximately 29.9 MW as of January 10, 2023.[14]

Q. Has Pacific Power provided evidence that the 37.2 MW threshold will be reached in the duration of this rate plan?

A. No, Pacific Power does not provide any evidence that supports the threshold being reached in the next two years. There currently exists a 7.3 MW gap between current capacity and the 37.2 MW threshold. To be clear, I do not contend that the threshold *cannot* be reached during the two-year rate plan, only that there currently exists a substantial gap, which provides time for further consideration of a net metering successor program. Combined with the ability for Pacific Power to continue to provide service under Schedule 135 even once the threshold is reached,

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[13] RCW 80.60.020(3)(a)(ii) (emphasis added).
[14] RMM-1T at 40:15-16.

the Commission should not feel rushed into approving an interim successor program that is neither necessary nor informed by appropriate data.

Q. Is an interim tariff solution required to continue to compensate customer-generators?

A. No. Pacific Power should continue to offer service under Schedule 135 until a permanent successor solution is approved. As I explain in further detail below, an interim program does not provide customers the certainty they need in order to make the investment in distributed generation.

III. SCHEDULE 138 NET BILLING SERVICE

Q. Please detail the mechanics of Pacific Power's proposed interim NEM successor program under Schedule 138.

A. Pacific Power proposes Schedule 138, Net Billing Service, which would establish an interim successor program to the current Schedule 135, Net Metering Service.[15] Schedule 138 would go into effect upon the capacity threshold of 37.2 MW being reached. Thirty days after the level of accepted applications exceeds 37.2 MW of capacity, Pacific Power "proposes to revise Schedule 135 to close it to new applications for service" and require that new customer-generators take service under Schedule 138.[16] Like current Schedule 135, proposed Schedule 138 would only allow customer-generators to offset the variable portion of their bill, while retaining the requirement to pay the basic charge, with rollover credits for export generation that exceeds imports. Both Schedule 135 and proposed Schedule 138

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[15] *See* Exhibit RMM-1T at 40-45.
[16] RMM-1T at 43:19-21.

eliminate excess rollover credits every March, resetting the rollover credit period at that time.

At its inception, Schedule 138 would retain the full retail credit structure for exported energy.[17] However, customer-generators under Schedule 138 will be required to take service "on a rate schedule that has time-of-use prices."[18] Pacific Power points out that TOU service is necessary to ensure participants shift their export of energy to high demand periods of the day.[19]

Q. Please define net billing.

A. As it is generally understood, a net billing tariff charges customer-generators the retail rate for energy consumed from the grid but a substantially lower rate for energy exported to the grid. [20] That amount is usually based on wholesale costs or calculated avoided costs.

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17 RMM-1T at 41:13-14.
18 RMM-1T at 41:19-20.
19 RMM-1T at 41:20-22.
20 *See, e.g., Net Metering vs. Net Billing*, Ohio Cooperative Living (Feb. 2021), https://www.midwestrec.com/sites/midwestrec/files/Midwest%20switches%20to%20net%20billing%20-%20Magazine%20explanation%20-%20Feb.%202021.pdf. *See* Sara Wolf, *Net Billing vs. Net Metering For Solar Overproduction*, Paradise Energy Solutions (accessed Sept. 13, 2023), https://www.paradisesolarenergy.com/blog/net-billing-vs-net-metering-for-solar#:~:text=What%20is%20Net%20Metering%3F,lesser%20supply%20or%20wholesale%20rate; *see also Utility Net Metering vs. Utility Net Billing*, Eagle Point Solar (accessed Sept. 13, 2023), https://eaglepointsolar.com/utility-net-metering-vs-utility-net-billing/.

Q. Do you support Pacific Power's Net Billing Service proposal?

A. No, I do not. While I appreciate Pacific Power considering the future of NEM once the Schedule 135 threshold is met, it is unclear why the Company does not simply propose to continue service on Schedule 135 for this interim period.

As I explained above, the proposal to move to Schedule 138 may be premature as there is no certainty that the threshold will be reached in the next two years. Even if it is reached, Pacific Power can continue to provide service under Schedule 135 until a permanent successor program is approved. That approval should come only after analysis of comprehensive data, including a third-party value of exported energy study and evaluation of the time of use pilot program (Schedule 19).

Furthermore, the mislabeling and interim nature of Pacific Power's proposed NEM successor program will cause confusion for customers-generators and fails to provide the stability customer-generators need to make investments in distributed energy resources ("DERs").

Q. Why do you say the Net Billing proposal will cause confusion for customer-generators?

A. The proposed "net billing" program creates confusion because the mechanics of what Pacific Power is proposing is not really a net billing program as the term is commonly understood. If a customer decides to research "Net Billing" it is possible that they mistakenly assume the compensation rate for exported energy will be below the retail rate. This could, in turn, lead to the decision not to invest in distributed generation. The opposite effect—where a customer assumes retail rate

compensation only to be hit with a lower compensation rate in the future – could also occur. I discuss this scenario later in my testimony.

Q. Does Pacific Power's proposal follow the definition of Net Billing as you have described?

A. Not in a transparent manner. Pacific Power defines net billing as follows: Net billing is a program structure for customer generators where they are billed for the energy delivered to them from the grid at standard retail tariff rates and are credited financially for the energy they export to the grid at the net billing program rates.[21] The definition provided by Pacific Power confuses the purpose of a Net Billing Service program structure, which is ultimately to reduce compensation to net billing customers.

Pacific Power states that "energy charges for exported energy to the grid from the customer's generating facility would be credited at *100 percent of retail energy charges*."[22] Now recall that the main difference between Schedule 135 and proposed Schedule 138, at inception, is that customer-generators under Schedule 138 will be required to take service "on a rate schedule that has time-of-use prices."[23] So the Company is incorrectly calling the program "net billing" when the program is functionally a NEM program that compensates customers at TOU rates.

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21 Exhibit CT-4 at 2, PacifiCorp Response to Data Request NWEC-03.
22 RMM-1T at 41:13-14 (emphasis added).
23 RMM-1T at 41:18-20.

Q. If Pacific Power's proposal is effectively a NEM program, then why is it an issue that the Company is proposing "net billing" service?

A. By inappropriately referring to the program as net billing, Pacific Power is prematurely signaling that a "true" net billing program, where customer-generators are compensated at a value less than the retail rate, is an appropriate NEM successor structure. This determination should not be made until after the conclusion of a value of exported energy study, which Pacific Power has yet to initiate.[24] Further, I recommend that the Commission require a third-party value of exported energy study and any other relevant data that could help inform the Commission regarding rate design and compensation for customer-generators before a new proposal is filed.

Q. Why do you say that the interim nature of Schedule 138 does not provide the stability needed for customer-generators to invest in DERs?

A. Any "interim" proposal will fail to provide enough certainty for potential customer-generators to make the capital investment needed for distributed generation. Customers, like businesses, must be able to calculate, with some reasonable degree of certainty, the payback period on their investment. An interim structure suggests the inputs to that calculation will change, eliminating any degree of certainty.

Pacific Power appears to be taking a piecemeal approach to changing the compensation customer-generators will receive, changes which may saddle

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[24] Exhibit CT-4 at 4, PacifiCorp Response to Data Request NWEC-06.

customers with higher energy bills and, thus, a decreased incentive to make investments in DERs. Without knowing what Pacific Power intends to change the export rate to or even if the export rate will change at all, potential customer-generators cannot make an informed decision about the value and cost-effectiveness of a solar energy system for their home or business. Furthermore, those who do make distributed generation investments could be left holding the bag if Pacific Power is successful in drastically reducing the export rate. Neither outcome is desirable.

IV. TOU RATES FOR DISTRIBUTED GENERATION

Q. Are you opposed to exploring TOU rates with retail rate compensation for customer-generators?

A. No, I am not opposed to the exploration of TOU rates with retail rate compensation for customer-generators. However, before TOU rates are included in a distributed generation tariff, it is imperative that the effectiveness, benefits, and impacts of TOU rates are studied and reported.

Q. Has Pacific Power demonstrated that its TOU rates are fair, just, reasonable and sufficient for solar customers?

A. No. Pacific Power has not conducted a value of exported energy study,[25] evaluated the effectiveness, benefits, and impacts of TOU rates for solar customers, or provided evidence that it has consulted with those who would be impacted by the rate revision. Pacific Power simply states that providing credits for exported energy

[25] *See* Exhibit CT-4 at 4, PacifiCorp Response to Data Request NWEC-06.

at 100 percent of full retail energy charges is "not sustainable."[26] At the same time, the utility states that a value of exported energy study would inform a future export credit rate. [27] Simply put, the Company does not have the data necessary in order to apply its pilot TOU rates to solar customers at this time.

Q. What is your understanding of Pacific Power's intention to "help customers make a more informed decision whether to invest in onsite generation facilities" and "encourage customers to build and operate their systems in ways that are the most beneficial to the power grid"[28]?

A. My understanding is that Pacific Power intends for its TOU rates to incent NEM customers to design their NEM systems to better serve system needs – for example, customers may choose to orient solar arrays facing West in order to maximize generation during peak periods in the late afternoon and evening. Or, they may choose to invest in batteries in order to store electricity during off-peak times and use the stored electricity during on-peak times.

Q. Are Pacific Power's proposed TOU rates sufficient to achieve these objectives?

A. Again, Pacific Power's proposal is confusing. In testimony and on the proposed tariff sheet, the Company only states that Schedule 138 customers would be required to "take service on *a* time-of-use schedule" (emphasis added). In response to a data request, Pacific Power stated that residential customers would be required

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[26] RMM-1T at 44: 19.
[27] RMM-1T at 44:20-21.
[28] RMM-1T at 41:5-7.

to take service on Schedule 19, and small general service customers would take service on the company's proposed Schedule 24.[29]

It is important to note that Schedule 19 is a pilot. The purpose of a pilot is to glean information from a small subset of customers and make any necessary changes before instituting the program to all customers in the rate class. Pacific Power has not yet reported on the impact of the TOU rates included in Schedule 19 on customer usage. As such, it is difficult to determine whether the residential TOU rates that Pacific Power proposes in Schedule 19 are sufficient to influence customer-generator decisions or to have an effect on system design or orientation.

Generally, there are two well-accepted principles for TOU rate design: 1) the price ratio should be at least 2:1; and 2) the peak price period should be kept short.

At least a 2:1 ratio for on-peak and off-peak rates, respectively, is needed to effectively signal customers to change their energy use habits.[30] TOU prices offered by Xcel Energy, Jacksonville Electric Authority, and Georgia Power Company follow this ratio at a minimum.[31] Other utilities such as Ameren,

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29 Exhibit CT-4 at 3, PacifiCorp Response to Data Request NWEC-05.

30 *See generally,* Aman Chitkara, et al., *A Review of Alternative Rate Designs,* Rocky Mountain Institute (May 2016), https://rmi.org/wp-content/uploads/2017/04/A-Review-of-Alternative-Rate-Designs-2016.pdf.

31 All of the following rates are per kWh and are rounded to the nearest cent. *Residential Rates*, Xcel Energy (accessed Sept. 13, 2023), https://mn.my.xcelenergy.com/s/billing-payment/residential-rates/time-of-day (on-peak price: $0.21 in June-September and $0.16 in October-May, off-peak price: $0.04 in all months).
Rates, Jacksonville Electric Authority (accessed Sept. 13, 2023), https://www.jea.com/my_account/rates/ (on-peak price: $0.12, off-peak price: $0.04), https://www.jea.com/my_account/rates/.

Dominion Energy Inc., and Southern California Edison use three-period rates that have larger rate differentials than the 2:1 ratio.[32] Hawaiian Electric recently approved a TOU rate with "critical" peak, on-peak, and off-peak rates with a ratio of 3:2:1.[33]

However, across both the cooling season (June-September) and the heating season (October-May), Pacific Power's residential on-peak to off-peak differential is notably less than the 2:1 ratio.[34] Between March 1, 2024 and February 28, 2025,

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Electric Service Tariff: Time of Use—Residential Demand Schedule, Georgia Power (accessed Sept. 13, 2023), https://www.georgiapower.com/content/dam/georgia-power/pdfs/residential-pdfs/tariffs/2023/tou-rd-8.pdf (weekday on-peak price: $0.11 in June-September, all other hours and months off-peak price: $0.01).

[32] All of the following rates are per kWh and are rounded to the nearest cent. *Rate Options*, Ameren Missouri (accessed Sept. 13, 2023), https://www.ameren.com/missouri/company/rate-options/ (on-peak price: $0.36 in June-September and $0.19 in October-May, mid-peak price: $0.11 in June-September and $0.07 in October-May, off-peak price: $0.07 in June-September and $0.06 in October-May); *Off-Peak Plan*, Dominion Energy (accessed Sept. 13, 2023), https://www.dominionenergy.com/virginia/rates-and-tariffs/off-peak-plan (weekday on-peak price: $0.22 in May-September and $0.19 in October-April, weekday off-peak price: $0.10 in May-September and $0.11 in October-April, weekday super off-peak price: $0.08 in May-September and $0.11 in October-April); *Time-Of-Use Residential Rate Plans*, Southern California Edison (accessed Sept. 13, 2023), https://www.sce.com/residential/rates/Time-Of-Use-Residential-Rate-Plans (weekday on-peak price: $0.74 in June-September and $0.61 in October-May, weekday off-peak price: $0.37 in June-September and $0.40 in October-May, weekday super off-peak price: none in June-September and $0.35 in October-May).

[33] All of the following rates are per kWh, are rounded to the nearest tenth of a cent. *Shift and Save Rates*, Hawaiian Electric (accessed Sept. 13, 2023), https://www.hawaiianelectric.com/products-and-services/save-energy-and-money/shift-and-save/shift-and-save-rates (O'ahu Schedule R critical peak price: $0.57, O'ahu Schedule R on-peak price:$0.38, O'ahu Schedule R off-peak price: $0.19).

[34] Exhibit RMM-11r ("Revised Tariff Pages") at 9. For example, Schedule 19 states that between 3/1/24-2/28/25, the cooling season on-peak rate is 14.490 cents and

the Company's cooling season on-peak to off-peak ratio is 1.58:1 and the heating season on-peak to off-peak ratio is 1.65:1. This ratio decreases starting March 1, 2025. Effective on this date, the Company's cooling season on-peak to off-peak ratio is 1.50:1 and the heating season on-peak to off-peak ratio is 1.61:1.

Additionally, the peak price time period should be kept short. A 2014 analysis by the Sacramento Municipal Utility District ("SMUD") concluded that, for customers who were offered to go on a TOU plan, "[a]cceptance rates fall as the length of the peak period increases." [35] Further, SMUD found that even though "longer peak periods correspond with a decrease in prices, survey respondents clearly preferred the shorter peak period" of three hours.[36]

Pacific Power proposes on-peak time periods that are as long as six hours in the heating season and eight hours in the cooling season for its small general service customers in Schedule 24.[37] Customers are willing to adjust their energy use habits for a few hours but are less willing to do so for a peak period window that reaches six hours. This would presumably be the case for customers who are faced with the prospect of trying to modify their behavior to use electricity while

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the off-peak rate is 9.185. The ratio for the cooling season is calculated by dividing the on-peak rate (14.490) by the off-peak rate (9.185). 14.490 / 9.185 = 1.58. All of the following Pacific Power rates are per kWh, are rounded to the nearest tenth of a cent, and are effective 3/1/24-2/28/25. On-peak price: $0.145 in June-September and $0.135 in October-May, off-peak price: $0.092 in June-September and $0.082 in October-May).

35 Jennifer Potter, et al., *SmartPricing Options Pilot Evaluation*, SMUD, Section II at 7 (Sept. 5, 2014), https://www.smud.org/-/media/Documents/Corporate/About-Us/Energy-Research-and-Development/research-SmartPricing-options-final-evaluation.ashx.

36 *Id.* at 98.

37 RMM-11r at 12.

solar is being generated. While TOU rates may certainly be designed to deliver system benefits in the form of reduced on-peak load, without analysis in Pacific Power's Washington service area, the effectiveness of the proposed Schedule 24 TOU rates for NEM customers is questionable.

As a result of the Company's TOU rates not following at least a 2:1 ratio and introducing lengthy peak periods, I do not believe Pacific Power's TOU rates will send a sufficient price signal to customers to build and operate their NEM systems in a way that is beneficial to the grid as the Company intends.

Further, I reiterate that it is inappropriate for Pacific Power to apply these TOU rates to NEM customers broadly as a class before the conclusion of its Schedule 19 pilot. Indeed, Pacific Power's parent company, PacifiCorp, has experience implementing TOU rates after conducting a pilot. For example, Rocky Mountain Power recently developed TOU rates for electric vehicle owners in Utah that were first informed by the results of a pilot program.[38] In contrast, here, the Company proposes to impose the pilot program's rates on NEM customers who have not opted into the pilot program – and before the pilot rates have even been evaluated for effectiveness, benefits, or impacts.

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[38] *In re Rocky Mountain Power's Evaluation of Electric Vehicle Time of Use Pilot Program*, Utah Public Service Commission Docket No. 21-035-070, Rocky Mountain Power's Compliance Filing at 17 (Dec. 23, 2021), available at: https://pscdocs.utah.gov/electric/21docs/2103570/321640RMPCmplncFlng12-23-2021.pdf.

Q. Has Pacific Power demonstrated that its proposed TOU rates incentivize battery storage?

A. No. This would require a more detailed analysis of how much the customer is spending and saving in each hour from solar and storage. Because Pacific Power has not provided this analysis, I do not believe that the Company has demonstrated that its proposed TOU rates will incentivize battery storage.

Q. How do you recommend Pacific Power incorporate TOU rates into a NEM program?

A. TOU rates should be designed with careful deliberation, particularly because of TOU rates' potential to burden low-income electricity consumers that often have limited capability to shift load. As Pacific Power advances the clean energy transition through implementation of state clean energy laws and policies, the Company's low-income customers should not be left behind. TOU rates that are not appropriately and thoroughly designed could do just that. Pacific Power should finish its TOU pilot in Schedule 19, analyze the results, and determine if and how the TOU rates should be adjusted for its customer-generators in order to adequately incent shifting of load to off-peak hours. At that point, it may be appropriate to apply TOU to customer-generators as part of NEM program, but not before.

V. TRANSITION TIME BETWEEN SCHEDULE 135 AND SCHEDULE 138

Q. What transition time does Pacific Power propose between existing Schedule 135 and proposed Schedule 138?

A. Pacific Power "proposes to revise Schedule 135 to close it to new applications for service 30 days after the level of accepted applications exceeds the cap" of 37.2 MW of capacity.[39]

Q. If the Commission does not adopt your recommendation to not transition to Schedule 138, is a 30-day transition time between existing Schedule 135 and proposed Schedule 138 sufficient to benefit customers and solar installers?

A. No, this very short transition time will not benefit customer-generators or solar installers. Solar is expanding into low- and moderate-income ("LMI") markets. If LMI customer bill savings are subject to the current undemonstrated TOU rates, it could be extremely harmful to these customers. These customers should not be left behind in Pacific Power's clean energy transition. Solar installers schedule their work 3-6 months into the future. Customers who have been planning months in advance for solar installation and who were budgeting for reduced energy bills based on the rates in Schedule 135 will have the rug swept out from under them when the 37.2 MW of capacity is reached and Pacific Power only gives them 30 days to submit an application for service, assuming they are aware of the 30-day window. A 30-day notice is insufficient for these customers to be able to finalize their decision.

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[39] RMM-1T at 43:19-21.

Q. What transition time would you recommend?

A. Pacific Power should provide at least a 180-day transition period between Schedule 135 and a successor program, with accessible alerts going out in utility bills, emails, social media, and other platforms explaining the transition and what potential new solar consumers can expect going forward. All contracts signed before the end of the 180-day period should be eligible for full retail NEM under the existing Schedule 135.

Q. How do you recommend the Company address the previously discussed issues with TOU rates and transition time?

A. There are two options. First, the Company could use the results of its TOU pilot along with a well-informed value of exported energy study to make informed decisions on on-peak and off-peak charges and credits, and the Company could increase the transition between Schedule 135 and a success tariff to 180 days. This is a utility specific endeavor. A better option would be to allow for the statewide efforts to play out with the hope that a singular approach to distributed generation can be applied to all IOUs in Washington. Ultimately, I recommend that the Commission require a third-party value of exported energy study and any other relevant data that could help inform the Commission regarding rate design and compensation for customer-generators before a new proposal is filed.

VI. CURRENT STATEWIDE EFFORTS TO ADDRESS DISTRIBUTED GENERATION

Q. Please describe the details of the current statewide efforts.

A. At the time of writing this testimony, I am aware of two ongoing statewide efforts considering whether and how to continue NEM in Washington.

The first is a utility-funded study conducted by E3 evaluating the value of solar across Washington utilities of various service territories and customer base sizes, geographic location, population density and urbanization, and other characteristics as well as evaluating whether cost shifts exists and, if so, the magnitude of any cost shifts among ratepayers associated with NEM. Alongside this study, the Washington State Department of Commerce, E3, and participating utilities agreed to form a Technical Advisory Group convened by Gridworks to provide external feedback on the study. The final report will be released in December 2023.

Second, Spark Northwest has convened a "Future of Net Metering in Washington" listening series with representatives from tribes, state agencies, utilities, the solar industry, non-profit and community-based organizations, and legislators. This diverse group has discussed what NEM and its impacts mean to them, what concerns they have about NEM policy, and many of the design features of NEM policy, such as value of solar, TOU rates, credit rollover, consumer protections, and state incentives.

Q. What is the goal of these efforts?

A. Both of these efforts were commenced as a result of House Bill 1427 being introduced into the Legislature in 2023 as well as the Governor's veto of a proviso in the state operating budget bill (House Bill 5187). Both bills would have required the Department of Commerce and the UTC to convene a workgroup to conduct a study to investigate the value of distributed solar and the magnitude of any cost shifts among ratepayers associated with retail rate NEM in Washington.

Both the utility-funded E3 study and Spark Northwest listening sessions are occurring with the expectation of resuming the development of a statewide solution in the form of legislation to be introduced in the 2024 legislative session.

Exhibit CT-3 is the report from the first Spark Northwest listening session. The report demonstrates that a key desire highlighted by stakeholders was to find "[a] policy solution that is sustainable over the long term that incents and helps us get solar on as many roofs as possible without having to come back to the Legislature repeatedly."

Q. Is Pacific Power participating in either of these efforts?

A. Yes, Pacific Power is participating in the E3 study and attended the September 1, 2023 Listening Session convened by Spark Northwest. The Company has not presented its proposed Schedule 138 in either of these forums to my knowledge. Additionally, discussion of several design elements of Schedule 138—for example, gradually moving to net billing, expiration of customer-generator credits, and TOU rates—did not reach consensus in the Spark Northwest Listening Sessions. Pacific

Power should respect these ongoing processes by waiting until their conclusions before proposing changes to customer compensation for solar generation.

VII. CONCLUSION

Q. Please summarize your testimony.

A. In the testimony laid out above, I assert that the 37.2 MW net metering capacity threshold under RCW 80.60.020 being reached in the next two years is not a foregone conclusion. Even if the threshold is reached, Pacific Power can and should continue to provide service under Schedule 135. As a result, an "interim tariff solution" in not necessary and only muddies the waters regarding customer-generator compensation. Furthermore, I discuss the confusion around the Company's use of "net billing" and disagree with a piece-meal approach toward customer-generator compensation, asserting that any changes to the current program structure should only be made after the conclusion of a value of exported energy study. I also explain why Schedule 138 does not provide the stability needed for customer-generators to invest in DERs and note that the TOU rates under schedule 19 are in pilot phase and not ready for application to a larger subset of customers. Finally, I describe the statewide efforts underway to address distributed generation.

Q. What are your recommendations?

A. The Commission should reject Pacific Power's net billing service proposal (Schedule 138), and continue NEM service under Schedule 135 until at least such time that statewide efforts to determine appropriate next steps for customer-generator compensation have concluded. A uniform, statewide approach to

distributed generation compensation is preferable to each of the utilities having their own unique programs because it supports market development for solar installers and equitable access to rooftop solar around the state. The Commission should also require a third-party value of exported energy study and any other relevant data that could help inform the Commission regarding rate design and compensation for customer-generators before a new proposal is filed.

Q. Does this conclude your testimony?

A. Yes.