BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Investigation of the cost and benefits of distributed generation and the effect of distributed generation on utility provision of electric service	Docket No. UE-131883

COMMENTS OF THE ALLIANCE FOR SOLAR CHOICE

The Alliance for Solar Choice ("TASC")[1] respectfully submits these comments pursuant to the Washington Utilities and Transportation Commission's ("Commission's") December 19, 2013 Notice of Opportunity to file Written Comments ("Notice") in the above-captioned docket. The Notice requests comments to assist the Commission in determining whether it should continue the investigation, and, if so, what issues the Commission should consider, proposals for how to address those issues, and what process would best facilitate the investigation.

TASC does not believe there is a compelling reason to undertake a study of the costs and benefits of net-metered distributed generation ("DG") at this time. As demonstrated below, the utility filings to date in this proceeding show very low levels of DG penetration in Washington. While the comments and workshops in this docket have provided a good foundation from which the Commission could act in the future, the minimal levels of current penetration mean a cost-benefit study is premature and likely would not warrant the time and expense required.

Should the Commission endeavor to conduct an analysis at this time, the cost-benefit study should follow best practices, which require a comprehensive examination of the value DG

[1] TASC advocates for maintaining successful distributed solar energy policies throughout the United States. Members of TASC represent the majority of the nation's rooftop solar market and include REC Solar, SolarCity, Solar Universe, Sungevity, Sunrun and Verengo Solar. These companies are important stakeholders in net metering policies and programs at both the state and national levels, and are responsible for thousands of residential, school, government and commercial solar installations.

provides and include the benefits that accrue to Washington from DG deployment. Best practices also require that the Commission ensure an unbiased result, meaning the use of a third-party contractor if the Commission's staff does not have the resources to conduct the study. Finally, the Commission should maximize transparency and stakeholder participation in developing the scope, inputs, assumptions, and methodology used in the study and allow for comments analyzing any draft results before they are submitted to the Commission.

I. An Examination of the Costs and Benefits of Distributed Generation in Washington Is Premature.

TASC's November 6, 2013 comments ("November Comments") note that cost-benefit discussions have largely been confined to states where there is a significant capacity of net-metered DG resources being interconnected, such as California (495 MW installed in 2012), Arizona (135 MW installed in 2012),[2] and Hawaii, where one in ten customers of the state's largest utility has installed an onsite DG system.[3] In contrast:

- Avista has installed 1.3 MW of net-metered DG to date (with a cap of 7.6 MW),[4]
- Puget Sound Energy has installed 10.2 MW of net-metered DG to date (with a cap of 22.4 MW),[5] and
- Pacific Power has installed 0.9 MW of net-metered DG to date (with a cap of 4.6 MW).[6]

That is, the total capacity of net-metered DG installed to date in the service areas of these Washington utilities (12.4 MW) is less than one-tenth of the capacity installed in the service

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2 TASC Comments at 2-3, Docket No. UE-131883 (November 6, 2013).

3 *Rooftop PV enjoys another strong year in Hawaii*, Hawaiian Electric Company Press Release (January 22, 2014) (available at http://www.heco.com/heco/_hidden_Hidden/CorpComm/Rooftop-PV-enjoys-another-strong-year-in-Hawaii?cpsextcurrchannel=1) ("HECO Press Release").

4 Avista Comments at 2-3, Docket No. UE-131883 (November 6, 2013).

5 Puget Sound Energy Comments at 2, Docket No. UE-131883 (November 6, 2013).

6 Pacific Power Comments at 1, Docket No. UE-131883 (November 6, 2013).

areas of Arizona utilities in 2012 alone. Moreover, if the Washington utilities reach their combined cap, *i.e.*, 0.5% of system peak load or 34.6 MW, the installed capacity will still only be 12% of the capacity installed to date in Hawaii (288 MW).[7]

The enrollment limitation fully addresses potential impacts to utility revenues or cost shifts between non-participating ratepayers and ratepayers who invest in DG resources. The Commission may want to examine these issues once solar penetration levels in Washington begin to approach those in states like California, Arizona and Hawaii, but there simply is not enough DG in Washington, nor could there be under the existing caps, to justify the resources that would be necessary to develop a meaningful assessment of the costs and benefits of DG. Deferring a study to a later date will allow the Commission to conduct a study using a richer data set of installed systems.

II. Any Cost-Benefit Study of Distributed Generation in Washington Should Follow Best Practices.

Efforts in other states have laid a foundation of best practices in the assessment of the costs and benefits of DG, such as solar. TASC's November Comments list a number of studies conducted to date and distill that list into a comprehensive set of costs and benefits, including societal benefits, that are essential to accurately valuing DG.[8] The November Comments also (1) discuss the importance of distinguishing net-metered DG and customer-sited DG;[9] (2) demonstrate how a long-term perspective on the value of DG resources is important to fully capture the benefits DG resources bring to the grid over their useful life,[10] and (3) show how the any cost-benefit analysis should be conducted from the perspective of society, DG owners, non-

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7 HECO Press Release, *supra*.
8 TASC Comments at 11-14, Docket No. UE-131883 (November 6, 2013).
9 *Id.* at 7-9.
10 *Id.* at 10-11.

participating ratepayers, and the host utility.[11] Any impending or future cost-benefit study should draw upon the foundation of existing best practices described in TASC's November Comments.

III. Best Practices Require Independence, Transparency and Stakeholder Input.

TASC believes a rigorous examination of costs and benefits of net-metered DG requires an unbiased analysis conducted either by the Commission's staff or an outside consultant with the following qualifications:

- Prior experience in conducting cost-benefit evaluations of demand-side programs, preferably prior experience conducting net metering/DG cost-benefit or benefit-alone studies;
- A deep knowledge of the technological, operational and policy elements of customer-sited generation; and
- A significant track record of consulting for state regulatory commissions on complex public policy issues.

The most crucial qualification for a consultant is independence. The Commission should ensure that any third party consultant it chooses has no on-going or planned projects, or other business relationship, with any jurisdictional utilities, or those utilities' affiliates, subsidiaries or parent companies. It should be recognized that customer self-generation can reduce utility sales, which can bias utility views against a full recognition of DG benefits.

Finally, the Commission should maximize transparency and stakeholder participation. The Commission should allow for comment and workshops on the study's scope, inputs, assumptions, and methodology. Moreover, the study's authors should submit a draft of the completed analysis for full stakeholder review before it is submitted to the Commission. Such

[11] *Id.* at 9-10.

procedural safeguards will ensure that any cost-benefit study will uphold the Commission's tradition of transparency and broad stakeholder input.

IV. Conclusion

TASC appreciates the opportunity to file these comments concerning the next steps in the Commission's investigation. We look forward to discussing the topics raised in the Notice at the upcoming April workshop.

Respectfully submitted this 31st day of January, 2014.

Anne Smart
Executive Director
The Alliance for Solar Choice
595 Market St, 29th Floor
San Francisco, CA 94105
Phone: 408-728-7166.
E-mail: anne@allianceforsolarchoice.com