



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

December 18, 2020

Filed Via Web Portal

Mr. Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Advice No. 2020-48
PSE Electric Tariff Revision - Filed Electronically**

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, please find enclosed for filing the following proposed revisions to the WN U-60, Tariff G for electric service of Puget Sound Energy (“PSE”).

- Original Sheet No. 134 – Schedule 134: Community Solar Project Services
- Original Sheet No. 134-A – Schedule 134: Community Solar Project Services (continued)
- Original Sheet No. 134-B – Schedule 134: Community Solar Project Services (continued)
- Original Sheet No. 134-C – Schedule 134: Community Solar Project Services (continued)
- Original Sheet No. 134-D – Schedule 134: Community Solar Project Services (continued)
- Attachment “A” – Service Agreement to Electric Schedule 134

Purpose of Filing and Background

As provided for in RCW 80.28.370(3), the purpose of this filing is for PSE to offer an additional voluntary energy service that provides customers with community solar energy choices that will help them meet their clean energy goals. Customer interest and demand for additional renewable options, specifically including local community solar projects, continues to increase, along with corporate sustainability targets becoming more common.

PSE customers want to support solar development, but many face barriers to rooftop solar – including lack of home ownership, high upfront cost, and rooftop suitability. There is a gap in PSE’s existing clean energy product offerings for these customers to support new, local projects and share in the financial benefits.

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PSE is proposing to establish a new tariff schedule service, Schedule 134 – Community Solar Project Services (“Community Solar”), to be offered to its electric customers. It will allow these customers to share in the costs and benefits of new solar projects.

Regulatory Background

RCW 80.28.370(3), Community solar project services, does not require that costs and benefits be strictly contained within the programs or services offered. Moreover, having all customers pay for a voluntary product that only some customers participate in is not something unique. There is precedent for this. One such notable example is the way that costs are treated for Net Metering Services (PSE’s Schedule 150). All customers are paying for the participating customers in Net Metering Services through surcharges collected by Schedule 120 (Electricity Conservation Service Rider). Specifically, the Commission recently approved PSE’s 2021 Annual Conservation Plan (Docket UE-190905), which included planned Net Metering administration and distribution costs of \$1,769,380. Actual costs for 2019 as reported in Docket UE-171087 were \$1,534,295. On an indirect basis, all customers bear further costs of the participating customers of Net Metering Services. For example, even if a participating Net Metering Services customer self-generates 100% of their electric load, that customer is still leaning on PSE’s system, particularly during the winter when electric costs are higher. So even though Net Metering statute does not explicitly allow for it, it has allowed some degree of cross-subsidies to occur. While the Community Solar service is designed to recover its costs from voluntary participants, we do not recommend that costs and benefits be strictly contained within the service. This will allow us to expand access to the values of renewable energy generation to a broader set of customers.

Stakeholder Participation

Prior to this filing PSE has previewed and reviewed this proposed new optional service with several parties. In development of the service, PSE consulted with a broad set of external stakeholders, including the NW Energy Coalition, Spark NW, The Energy Project, Renewable Northwest, the Alliance of Western Energy Consumers, and Public Counsel. In addition, PSE held several conversations with UTC staff to socialize the service and solicit feedback on key elements of the design.

Customer Needs

Prior to filing this schedule, PSE conducted multiple customer surveys to gauge customer appetite for a Community Solar product offering. There is substantial interest in a Community Solar product offering amongst PSE’s general customer base. In a 2020 study, 77% of customers said they were at least “somewhat interested” in the Community Solar service, with 34% stating that they were “very interested”.

The data suggest that uptake in a Community Solar offering would be high amongst “likely buyers”, a customer group that includes existing voluntary participants. Depending on the specific solar resource offered, 35%-47% of customers in this group said they would be “very likely” to participate in the product offering at the \$20 price point. A subsequent Fall 2020 study validated customer interest in the pricing offered (\$20 per share).

Community Solar Resources

Given the strong interest in a Community Solar service, PSE plans to deploy the service at scale, with the expectation of deploying 20MW over the coming years. The initial Community Solar Resource Option will provide the first ~7MW of new, local solar capacity to serve customer demand. The initial Community Solar Resource Option (1.5 aMW) represents a relatively small portion of PSE's system electric load (2,241 aMW), providing just 0.07% of the electricity PSE serves to its customers on an annual basis.

In its first Solar Resource Option, PSE expects to blend the output from a larger, ground-mounted site in Kittitas County with several smaller rooftop sites distributed throughout its service territory. To determine the best set of smaller distributed projects, PSE is working with public entities in its service territory to understand the interest in and potential for further community-located solar projects. PSE issued a request for information soliciting suitable solar sites on public entity property, and has a rigorous evaluation process that considers factors such as cost to PSE's system, solar viability, and community benefit. Through this evaluation process, PSE selected the best package of sites for customers participating in the first Solar Resource Option.

The Customer Experience

As construction on the initial projects begins, customer engagement and enrollment will begin by Solar Resource. During enrollment, customers will have the opportunity to select specific Solar Resources they would like to subscribe to. When customers are enrolled in the service, they will pay a monthly subscription fee for a share in a local Solar Resource. Participating Customers may purchase one or more shares at a monthly rate per share, and will see financial benefits in the form of avoided energy credits¹ associated with the production from the Solar Resource they are subscribed to. At least 50% of each project's capacity will be reserved for residential Customer subscriptions. No Customer may subscribe to greater than 40% of a project's shares or to greater than 120% of their average monthly consumption, as determined over a one-year time period. These subscription restrictions are intended to support the product design as a community offering.

Low Income Option

In an effort to expand access to Community Solar, PSE has included in this filing a pricing structure specifically created for customers whose household income meets low-income guidelines. Participating customers who are determined to meet low-income eligibility criteria will be able to subscribe to one share of a Community Solar Resource Option at no monthly cost to allow these customers to participate and receive financial benefits of Community Solar. Funding for the low-income option may be supported by WSU Renewable Energy System Incentive Program ("RESIP") funding; any awarded Department of Commerce low income solar grants; funds from other PSE voluntary product reserves; funding from Special Contracts; voluntary cost-sharing from general participants; and alternative third-party sources.

¹ The full calculation of the Energy Charge Credit is available in Docket No. UE-200968. The approach is approved by the Washington Utilities and Transportation Commission ("UTC") to account for the credit for unused bundled energy; i.e., the energy-related power cost of the Energy Charge.

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PSE Roles and Obligations

PSE will open the service for initial enrollment no sooner than 1:00 pm on May 1, 2021, and enrollment will remain open until each Solar Resource is fully subscribed. The first Community Solar Resource Option will be available for delivery no later than September 1, 2021. In the event that requests for Community Solar Resource Options exceed available subscriptions, PSE will provide customers the option to sign up for a waiting list and will contact customers as shares become available. A key aspect of this new Community Solar service is that the incremental costs of the service are allocated to the voluntary participants.

The tariff sheets described herein reflect an issue date of December 18, 2020, and an effective date of February 1, 2021. Posting of the proposed tariff change for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance with WAC 480-100-193(1). No notice is required under the provisions of WAC 480-100-194 or -195.

Please contact Veronica Martin at (425) 457-5624 or Emily Rich at (425) 456-2090, for additional information about this filing. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Jon A. Piliaris

Jon A. Piliaris
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, EST-07W
Bellevue, WA 98009-9734
(425) 456-2142
Jon.Piliaris@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:
Electric Tariff Sheets (listed above)
Work paper