

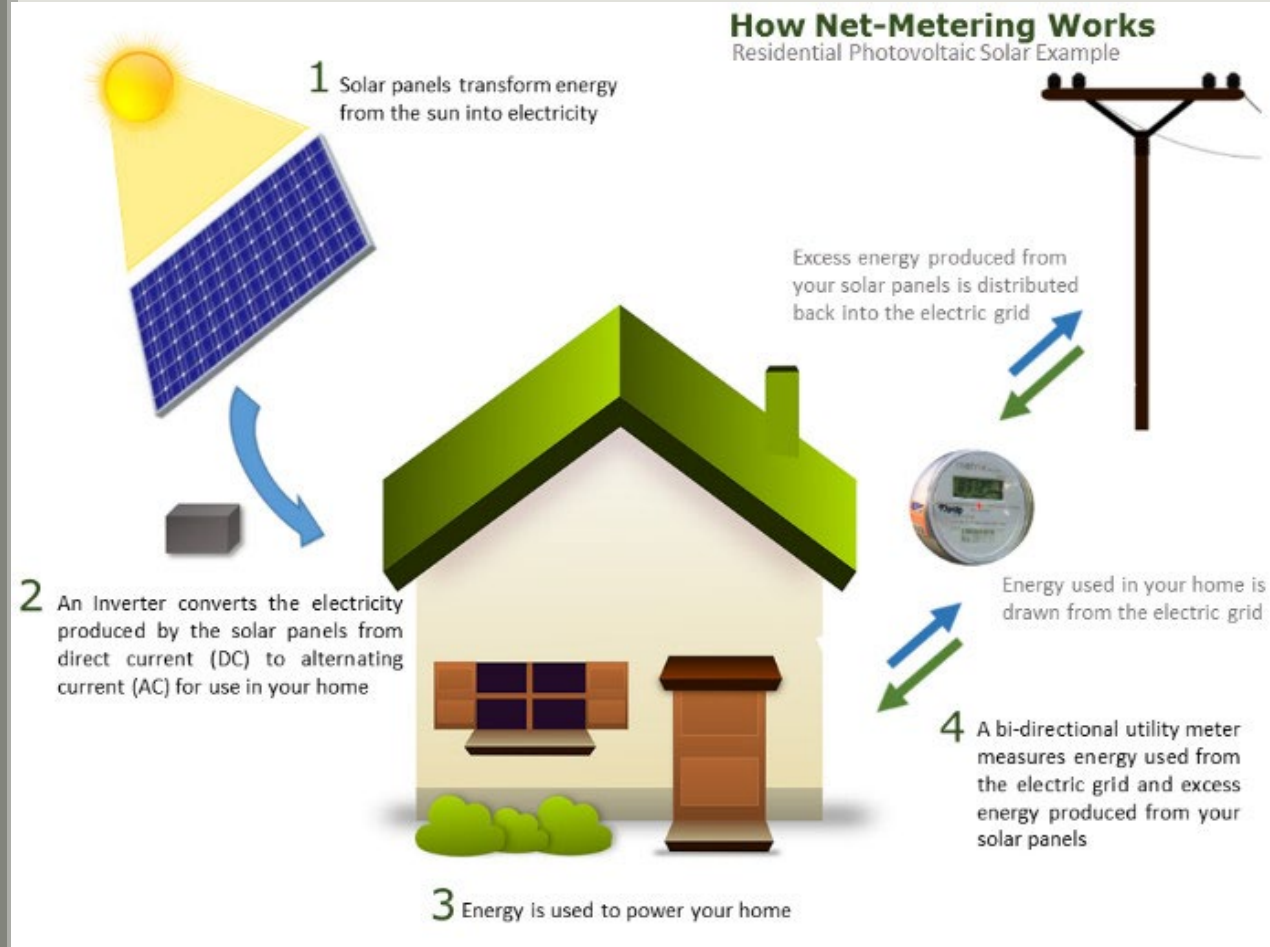
Net Metering in Utah

Residential Customers

Thad LeVar, Chair, Public Service Commission of Utah (PSC)
Presentation to the Public Utilities, Energy, and Technology
Interim Subcommittee
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What is Net Metering

- Customers are neither charged, nor credited, for energy used in their home as it is generated.
- Customers are charged for energy drawn from the electric grid.
- Customers receive a credit for the excess energy exported back to the grid.



*Image source: Vermont Public Utility Commission

Key Issue in Utah: Export Credit

What is the appropriate credit for the excess energy exported to the grid?

Traditional Net Metering

- Kilowatt-hour netting.
- Each excess kilowatt-hour exported back to the grid results in a kilowatt-hour credit against future energy use.
- Virtual grid storage for net metering customers, with no adjustment for the time/day of generation vs. use.
- This was used in Utah between 2009 and 2017.

Net Metering with an Export Credit Rate

- Monetary credit for excess energy exported to the grid.
- The credit is applied to the customer's bill.
- This was used in Utah between 2002 and 2009, and since 2017.

Current Statutory Parameters

- Net Metering of Electricity, Utah Code Title 54, Chapter 15
- Energy Balancing Accounts, Utah Code Ann. § 54-7-13.5

- A customer may “generate electricity primarily for the customer’s own use.”
- A customer shall be credited for excess generation “at a value that is at least avoided cost.”
- Unused, accumulated credits expire once per year, with expiring credits applied to the utility’s low-income assistance program (with authority to the PSC to apply the credits to a different use).
- The PSC must evaluate whether the costs (to the utility and to all its customers) of the program exceed the benefits, and must establish rates “in light of the costs and benefits.”
- 100% of prudently incurred power costs must be recovered from all utility customers in a pass-through process.
 - ✓ Under traditional net metering, all customers fund the kilowatt-hours that net metering customers receive as a credit. (On average, about 10.66¢ per kilowatt-hour.)
 - ✓ Under an export credit rate, all customers fund the rate credited to net metering customers. (On average, about 5.19¢ per kilowatt-hour.)

Utah Net Metering Timeline

- **2002 – 2009:** Compensation for exported, excess energy was set at “avoided cost.” (Current “avoided cost” pricing for fixed solar ranges from 2.91¢ per kilowatt-hour (winter off-peak) to 5.73¢ per kilowatt-hour (summer on-peak).)
- **2009 – 2017:** Traditional Net Metering.
- **September 2017 – October 2020:** Two-tiered structure, established by a stipulation signed by 13 parties including government entities, solar providers, and environmental advocates.
 - ✓ Traditional net metering through 2035 for customers who submitted an interconnection application prior to November, 2017.
 - ✓ Net metering with an export credit rate of 9.2¢ per kilowatt-hour through 2032 for customers who submitted an interconnection application prior to October, 2020.
- **October 2020:** Net Metering with an Export Credit Rate, updated annually, currently 5.64¢ per kilowatt-hour (summer), 4.75¢ per kilowatt-hour (winter).

Public Service Commission Process 2017 – 2020

- Pursuant to the 2017 stipulation, in December 2017 Rocky Mountain Power filed an application asking the PSC to determine the export credit rate.
- After receiving testimony from multiple parties and holding a hearing, the PSC issued an order in May 2018 that established parameters for a 12 month load research study to be submitted by Rocky Mountain Power. The order stated that any party may bring evidence they deem relevant regarding the costs and benefits of customer generated electricity, and that the parties sponsoring such evidence carry the burden of proof.
- Rocky Mountain Power submitted its load research study in February 2020, and over the following months, eleven parties submitted testimony and analysis from twenty expert witnesses.
- During a hearing in September 2020 the expert witnesses were subject to cross examination, and the PSC issued an order on October 30, 2020 establishing a new export credit rate.

Public Service Commission Order

Export Credit Rate and
Process

October 30, 2020

- The PSC established an export credit rate of 5.97¢ per kilowatt-hour (summer) and 5.64¢ per kilowatt-hour (winter), with that rate to be updated annually. (As of June 2023, the current rates are 5.64¢ and 4.75¢.)
- Rate components adopted by the PSC include:
 - ✓ Avoided energy costs using a methodology proposed by Vivint Solar, Inc.
 - ✓ An avoided line loss value using a methodology proposed by Vote Solar.
 - ✓ A capacity contribution value using a methodology proposed by Vote Solar.
 - ✓ A rate reduction to reflect integration costs using a methodology proposed by Rocky Mountain Power.

Public Service Commission Order

Export Credit Rate and
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October 30, 2020

- Rate components rejected by the PSC include:
 - ✓ A rate adjustment to reflect fuel price hedging savings (based on insufficient evidence).
 - ✓ Rate adjustments the PSC determined not to have a current impact on the costs and benefits to Rocky Mountain Power and its customers. (avoided carbon compliance, ancillary benefits, community benefits, grid support services, reliability and resilience, health benefits from reduced air pollution, monetary and social benefits from reduced carbon emissions, avoided fossil fuel life cycle benefits, and local economic benefits)
- For the rejected rate components, the PSC stated: “We recognize that some of those issues may impact . . . cost of service in the future [and if so the rate] . . . can be adjusted to reflect that avoided cost.”
- The PSC rejected the application and metering fees proposed by Rocky Mountain Power, retaining the fees that existed under the transitional program since 2017.



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