

February 19, 2015

Mr. Joephet Alcantara  
Guam Public Utilities Commission  
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**RECEIVED**  
LAW OFFICE OF  
FREDERICK J. HORECKY

Date: 2/25/15  
Time: 8:25am By: Carla

## Docket 15-04: Review of Guam Renewable Energy Association Complaint

Dear Mr. Alcantara,

Lummus Consultants International, Inc. (Lummus Consultants) is pleased to submit this letter report in response to a request on October 9, 2014, to evaluate and submit a short report with respect to the Guam Renewable Energy Association (GREA) complaint.

### Introduction

Lummus Consultants understands that the GREA complaint is deemed as a formal complaint under the Guam Public Utilities Commission (GPUC or Commission). The complaint alleged that customers were unable to identify credits for excess generation from their distributed generation systems that are subject to Net Energy Metering (NEM) and that GPA may not be adequately tracking such information in order to allow customers to utilize such credits. Two specific areas of investigation were assigned:

1. Since 2008 and up to the present, how many of the 166 net metering customers that are in the system today have been offered net metering credits? If these customers have been offered credits, GPA should produce to PUC an itemized listing of such credits. On how many occasions have such credits been offered, and for what amount(s)? Expeditious discovery should be issued to determine whether GPA is properly following the Net Metering Tariff by properly crediting customer bills and explicitly showing the amount of credit(s).
2. Why should solar credits expire after one calendar year? Why are such credits not transferable? GPA should be required to show the solar production of the system on the bill and offset that on the total usage of the home or business.

A report for year-end 2013 NEM information, filed with the Commission by GPA in Docket 08-10, provided information related to net metering customers. The report was difficult to understand and interpret; for example some columns had incorrect headings or headings that were unclear. The report contained annual information about NEM customers, however, it was difficult to follow and Lummus Consultants was unable to identify which customers had excess credits that were contributions to the grid. The report was likewise unclear about which year the information covered. The report stated that six (6) out of the seventy-two (72) customers generated more energy than was used internally, which resulted in 18,975 kWh of excess credits that did not carry over to the next business year. GPA made it clear that with the existing billing system the only solution appeared to be the approach taken so that NEM could be offered to customers; GPA endeavored to fulfill customer expectations recognizing that its then-current systems could not handle the complexity. After discussion with GPA, Lummus Consultants received some clarifications of the information.



During a call with GPA, staff described the report and responded to questions posed by Lummus Consultants staff, informing the team that the current billing system could not handle NEM and that a separate spreadsheet had been in use to store information about customer generation. A new billing system, planned for implementation sometime in 2015, is expected to be able to better track and communicate NEM information for customers.

A second report was received on November 24, 2014 for net metering information for the 2013/2014 year. The information was provided on a monthly basis with a cumulative column for year-to-date information. The data provided in this second report was better defined than it had been in the previous report, but it only had data from April through September 2014. The report reflected that there were only three (3) customers with credit balances as of 9/30/2014. Twenty-five (25) customers received credits during the six (6) months of data provided, with a total of fifty-nine (59) credits being awarded. A total of 134 customers were on the report.

In parallel with our investigation, GPA was meeting with GREA separately to address their concerns; GPA indicated to the Lummus Consultants team that they had entered into an agreement with GREA.

After our investigation of the reports and discussion with GPA, Lummus Consultants concludes the following with regard to the questions posed by the Commission:

*Q1: Since 2008, and up to the present, how many of the 166 net metering customers that are in the system today have been offered net metering credits?*

**Response:** The latest report provided identifies 134 customers not the 166 the Commission understood were in the system. GPA did provide a partial itemized listing of the credits in the latest report.

*Q2: On how many occasions have such credits been offered, and for what amount(s)?*

**Response:** Three (3) customers currently have credit balances and twenty-five (25) customers received credits from April through September of 2014. Lummus Consultants was told that there is no way to know how many received credits from October 2013 through March 2014 from the current spreadsheet reporting system.

*Q3: Determine whether GPA is or is not providing such credits, as none have apparently been indicated on customer bills. Expedient discovery should be issued by Lummus to determine whether GPA is properly following the Net Metering Tariff by properly crediting customer bills and explicitly showing the amount of credit(s).*

**Response:** Lummus Consultants asked for a copy of a bill from the current system and a copy of a proposed bill going forwarded and did not receive either from GPA. GPA stated that currently it is a manual process using a spreadsheet to calculate the credit.

*Q4: Why should solar credits expire after one calendar year?*

**Response:** There is no reason for credits to expire at year end. Each jurisdiction sets rules for net metering credits - some jurisdictions have similar systems as Guam, which is to allow the credits to be used within one calendar year and then eliminate them, whereas other jurisdictions require the utility to buy the remaining credits at year-end, and still other jurisdictions allow customers to carry credits forward.

*Q5: Why are such credits not transferable?*

**Response: In some jurisdictions the credits are transferrable and in others there are rules in place that are similar to those in Guam where they are not transferrable.**

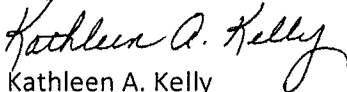
*Q6: Should the credits be carried beyond a year and indefinitely. If a majority of the Commissioners agree, the policies should be changed. Should GPA be required to show the solar production of the system on the bill and offset that on the total usage of the home or business?*

**Response: Lummus Consultants believes that allowing the credits to be available beyond one year is a policy decision for the Commission to consider – without storage capabilities it becomes a financial transaction and should be considered as to the rate impact and resulting revenue impact on GPA – this review did not allow investigation of the policy. However, GPA should not be required to modify the NEM until the new billing system is in place and is fully capable of producing reliable information for customers and tracking necessary consumption and excess generation information.**

Lummus Consultants' Recommendations

1. After reviewing the reports submitted by GPA, Lummus Consultants believes that GPA should provide the Commission with more detailed and more regular reporting of Net Metering Credit information. This information should be available as part of the new billing system being installed in early 2015 and GPA should provide the Commission with a sample report for review to verify that it meets the needs of the Commission prior to issuing the first report.
2. Lummus Consultants believes that GPA should provide the Commission with a sample NEM bill, showing metering credits from the new billing system, for review and comment before it is finalized to ensure that it meets the needs of the Commission and customers.
3. Lummus Consultants believes that the Commission, along with GPA, should review and investigate the current means of handling credits on an annual basis. Customers currently lose all credits on an annual basis with no compensation. A mutually agreeable system can be worked out so that the customer and GPA benefit from the excess credits.

Respectfully Submitted,  
**Lummus Consultants International Inc.**

  
Kathleen A. Kelly  
Director and Practice Lead