

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA DOCKET 20-09
)
GUAM POWER AUTHORITY)
PETITION FOR THE CREATION OF AN) ORDER
ENERGY STORAGE RATE SCHEDULE)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (“PUC”) upon the Guam Power Authority (“GPA”) Petition for the Creation of a new Energy Storage Rate Schedule.¹

GPA seeks approval to create a new Energy Storage Rate schedule for Net Metering (NM) customers. Under GPA’s petition, new NM customers would have the option to either install frequency control capability or an Energy Storage System (ESS) on any new solar photovoltaic (“PV”) or wind turbine installation or opt to pay the Energy Storage Rate. GPA proposes the initial Energy Storage Rate to be set at \$2.43 per kW per month.²

BACKGROUND

On December 29, 2008, the PUC approved and adopted the current Interim Rider for Customer-Generator Energy Facilities, developed by both GPA and the Georgetown Consulting Group, Inc.³ On February 27, 2009, the PUC approved and adopted GPA’s Standard Interconnection Agreement for Net Metering Facilities, as well as GPA’s Net Metering Program Interconnection Policy.⁴ On December 10, 2015, the PUC approved and adopted a language change to the Net Metering Rider (“NM Rider”) under “MONTHLY BILLING” to allow unused kWh credits to be carried forward each month until the end of a twelve (12) month period where the account would be “trued-up” and the customer could elect to have the credits carry forward or have GPA purchase the remaining credits at a one-to-one retail rate; if no election was made, GPA must credit the customer’s account with any and all unused kWh credits.⁵

¹ GPA Petition for the Creation of a new Energy Storage Rate Schedule, GPA Docket 20-09, filed March 10, 2020.

² Id. at p. 5.

³ PUC Decision and Order, GPA Docket 08-10, p. 2 (Dec. 29, 2008).

⁴ PUC Decision and Order, GPA Docket 08-10, p. 1 (Feb. 27, 2009).

⁵ PUC Decision and Order, GPA Docket 08-10, p. 7 (Dec. 10, 2015).

In the December 29, 2008 Order, the PUC stated that “The NM Rider may be amended or modified in the future by GPA, with the approval of the Guam Public Utilities Commission (PUC).”⁶ The Order also stated that “The NM Rider is available to all customers without limitation as to the aggregate capacity of Customer-Generator installations on the GPA System. However, at the time the number of Customer-Generators exceeds one-thousand (1000) customers this issue will be reviewed by the PUC and a determination made as to the continued offering of the NM Rider for new ‘net metering’ customers.”⁷

GPA reached 1,000 NM customers in June 2016.⁸ As of August 2018, GPA’s NM customer total reached 1,764, which GPA calculated would result in an approximate annual subsidy of \$3,456,653.00.⁹

On October 4, 2018, GPA filed a petition for Modification of Current NM Rider. GPA recommended a Value of Solar (“VOS”) rate replace the current NM Rider¹⁰. GPA proposed there be a five-year phase in period, where the NM subsidy would be decreased until the new VOS rates would be in place. Per GPA, VOS rates would be established through the following process: “1) Reassess VOS rates each LEAC for Avoided Energy Value; 2) Reassess VOS rates for other VOS components as applies on a) an annual basis; b) periodic basis over a set number of years; and 3) whenever there are material changes to GPA’s generation mix.”¹¹

After receiving GPA’s petition on October 4, 2018, on behalf of the PUC, the Administrative Law Judge (“ALJ”) of the PUC retained Daymark Energy Advisors (“Daymark”) to conduct an independent review of GPA’s application, review NM tariffs across the United States, and provide a report of findings and recommendations regarding whether GPA’s proposed NM credit change should be approved. On May 30, 2019, the PUC issued the following ordering provisions¹²:

1. GPA’s request to modify the current Net Metering Rider from providing retail rate for net metering credits to avoided cost for net metering credits, with a five-year phase-in approach, as set forth in its Petition, is denied.
2. The NM Rider cap is hereby amended to be changed from a customer cap of 1000

⁶ PUC Order, GPA Docket 08-10, dated December 29, 2008, at Exhibit A, Paragraph 1.

⁷ PUC Order, GPA Docket 08-10, dated December 29, 2008, at Exhibit A, Paragraph 3.

⁸ Guam Consolidated Commission on Utilities Resolution No. 2018-17, Authorizing Management of the Guam Power Authority to File Net Metering Program Recommendations Addressing the Guam Public Utilities Commission Order Docket No. 08-10 (December 29, 2008), Exhibit A, Paragraph 3, adopted August 28, 2018, at p. 1.

⁹ GPA Petition for Modification of Current Net Metering Rider, GPA Docket 19-04, filed October 4, 2018, at p. 1.

¹⁰ Id.

¹¹ Id.

¹² PUC Order, GPA Docket 19-04, dated May 30, 2019.

net metering customers to an aggregate kW cap set at 10% of GPA's August 1, 2017 system peak demand of 261 MW.

3. GPA is ordered to complete the planned distribution system impact study and include in that study a balanced locational and full benefit-cost analysis of how distributed generation impacts the distribution system.
4. GPA is ordered to include a rebate program for battery storage in the DSM program and encourage solar providers to include storage with the solar systems and explain the benefits to customers.
5. Once the aggregate kW cap reaches 10% of GPA's August 1, 2017 system peak demand and GPA has conducted the distribution system impact study ordered above, the PUC will consider changes to the Interim NM Rider.
6. If GPA is concerned about lost revenue, it should provide evidence during its next filed base rate case.

On March 10, 2020, GPA filed a new petition with the PUC for the creation of a new energy storage rate schedule¹³. On behalf of the PUC, the ALJ of the PUC retained Daymark to conduct an independent review of GPA's application.

DETERMINATIONS

The PUC Order in GPA Docket No. 19-04 required GPA to do the following:

- conduct a distribution system impact study, including a full benefit-cost analysis that analyzes the impact of distributed generation
- conduct an independent study determining the cost of grid services used by NM customers
- implement a battery storage rebate program¹⁴

As identified in Daymark's Review of Guam Power Authority Request for Approval of an Energy Storage Rate (the "Daymark Report"), GPA has hired Landis and Gyr to undertake a distribution system impact study and hired Utility Financial Service LLC to investigate rates associated with NM, including addressing rates that consider the locational value of solar and technically and economically feasible non-wires alternatives to solve distribution problems identified in the distribution study.¹⁵ However, neither study has been completed to-date nor has GPA performed a full benefit-cost analysis. Finally, GPA did not implement a battery storage rebate

¹³ GPA Petition for the Creation of a new Energy Storage Rate Schedule, GPA Docket 20-09, filed March 10, 2020

¹⁴ PUC Order, GPA Docket 19-04, dated May 30, 2019

¹⁵ Daymark Energy Advisors, Review of Guam Power Authority Request for Approval of an Energy Storage Rate, April 21, 2021, at p. 5.

program. The Daymark Report noted that GPA is not out of compliance in regard to the battery storage rebate program since the PUC Order in Docket No. 20-05 directed GPA to focus on other programs.¹⁶

In addition, the Daymark Report concluded that GPA did not properly determine the extent to which NM is causing grid issues and with this lack of support, it is difficult to accurately develop a charge designed to recover costs related to system issues caused by NM. Daymark noted: “Even if causation were established, the lack of a full benefit-cost analysis of NM does not allow NM benefits to offset such costs in a rate calculation”¹⁷. The Daymark Report also argues that system upgrade needs should be funded by all customers unless costs can clearly be assigned to the specific cost causers.¹⁸

GPA’s Petition proposes that new NM customers either install frequency control capability, an ESS, or pay the Energy Storage Rate. However, as described in the Daymark Report, GPA remains vague and unclear about the specific requirements of installing frequency control capability or an ESS. In RFI 1-B, GPA states: “GPA will add or modify its requirements when it completes these studies”, displaying a level of uncertainty that we find creates too much uncertainty for new NM customers. This uncertainty leaves new NM customers with only the choice to pay the Energy Storage Rate.¹⁹

The Daymark Report describes how in calculating the initial proposed Energy Storage Rate, GPA makes several unsupported assumptions. First, GPA arbitrarily assigns half of the revenue requirement for installing a battery system to NM customers without proving to what degree NM customers are causing grid issues. Then, GPA bases the billing determinant on current NM customers, not future NM customers. The Daymark Report suggest that if the PUC determines that an Energy Storage Rate for new NM customers is justified, GPA should be required to calculate a rate designed to recover costs directly related to those new NM customers. In addition, GPA should be required to specifically identify to what extent NM has caused system issues as compared to other causes.²⁰

The ALJ conducted his own independent review of GPA’s Petition, responses to requests for information, the Daymark Report, and public testimony. The ALJ filed his ALJ Report in this Docket on April 19, 2021. The ALJ concurs with the findings and recommendations of the Daymark Report. The ALJ report also notes that seven

¹⁶ Id.

¹⁷ Daymark Energy Advisors, Review of Guam Power Authority Request for Approval of an Energy Storage Rate, April 21, 2021, at p. 6

¹⁸ Id.

¹⁹ Id. at p. 7.

²⁰ Id. at p. 8.

witnesses, including members of the public, NEM customers, and solar industry representatives, testified against the proposal. The PUC also adopts the findings and conclusions of the ALJ Report.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for creation of a new Energy Storage Rate Schedule, the ALJ Report, and the Daymark Report, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

1. GPA's petition for the Creation of a new Energy Storage Rate Schedule is denied
2. Before petitioning for an alteration to the current NM compensation methodology, GPA must complete the studies as ordered in Docket 19-04:
 - a. A planned distribution system impact study and include in that study a balanced locational and full benefit-cost analysis of how distributed generation impacts the distribution system.
 - b. An independent study determining the cost of grid and other services used by NM customers, which identifies in detail the value of those services to the NM customers.
3. If in the future, GPA proposes a charge to NM customers related to NM customers' impact on the GPA electric system's reliability, GPA must establish clear cost causation of NM customers impacting grid reliability.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

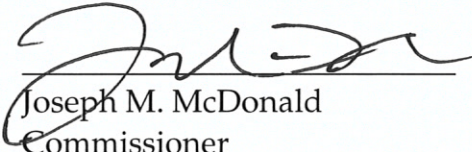
Dated this 29th day of April 2021.



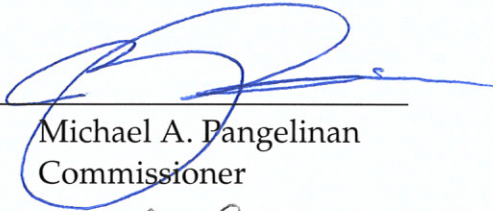
Jeffrey C. Johnson
Chairman



Rowena E. Perez-Camacho
Commissioner



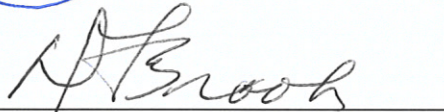
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