

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 19-04

GUAM POWER AUTHORITY)
REQUEST FOR MODIFICATION OF)
CURRENT NET METERING RIDER [NEM])
_____)

ORDER

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (“PUC”) upon the Guam Power Authority (“GPA”) Petition for Modification of Current Net Metering (“NM”) Rider.¹

GPA seeks approval 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.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. (“Georgetown”).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 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

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

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

² Id. at p. 1.

³ PUC Decision and Order, GPA Docket 08-08, 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).

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 net energy metering (“NEM”) customers in June 2016.⁸ As of August 2018, GPA’s net metering customer total reached 1,764, which GPA calculates results in an approximate annual subsidy of \$3,456,653.00.⁹

At the behest of the Consolidated Commission on Utilities (“CCU”), GPA held several public meetings to: “1) Address net metering stakeholders’ concerns and obtain feedback; 2) Evaluate stakeholder feedback; 3) Perform analysis regarding net metering impacts on the GPA especially on non-net metering customers; and 4) Propose recommendations on whether or not changing the current net metering program is in the best interests of customers while insofar as possible alleviating net metering customer concerns.”¹⁰

GPA presented its net metering credit recommendation to the CCU on August 28, 2018. GPA recommended “the following Value of Solar (VOS) Policies as a replacement for the existing Net Metering Program including: 1) Grandfathering existing registered NEM customers for a period of 5 years allowing customers who own NEM system to recover their investment while phasing in VOS rates over the extended 5-year period; and filing for PUC approval a process to establish Value of Solar (VOS) rates.”¹¹

Per GPA, the Value of Solar (“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.”¹²

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 CCU 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. 2.

¹¹ Id.

¹² Id.

On August 28, 2018, the CCU adopted Resolution No. 2018-17, which authorized GPA to file a petition regarding its Value of Solar Policy Recommendation with the PUC and to conduct an information campaign supporting the recommendations.¹³

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 net metering tariffs across the United States, and provide a report of findings and recommendations regarding whether GPA's proposed net metering credit change should be approved.

DETERMINATIONS

The Guam Legislature's enacting of GPA's net metering statutory scheme was done "to combine new power-generation technologies with traditional power-generation systems in order to expand and safeguard the island's electric supply, without the need for additional capital investment by the utility company."¹⁴ Additionally, the Legislature unequivocally expressed its intent to "(a) encourage private investment in renewable energy resources; (b) stimulate economic growth; and (c) enhance the continued diversification of the renewable energy resources used on Guam."¹⁵

Regarding distributed solar, Daymark stated in its Report that "Distributed solar is a good resource for the island that adds to its resource diversity and has the potential to provide distribution locational benefits. Discouraging it is not ideal. It is important to properly design a tariff that supports distributed solar while increasing the knowledge of its real and full benefits and costs across the utility service chain (generation, transmission and distribution)."¹⁶

Daymark recommended that the PUC reject GPA's proposal because it will not encourage the growth of renewables at the customer level, as the Legislature had intended, the proposal framework will increase the payback period since most NEM customers are leasing generators and receiving smaller bill reduction benefits, and most states in the U.S. are still crediting NEM customers at the full retail rate.¹⁷

Instead of changing the credit rate, Daymark recommended that the level of penetration be changed from 1000 net metering customers to an aggregate kilowatt

¹³ Id., at pp. 2-3.

¹⁴ Public Law 27-132, at p. 2 (Dec. 30, 2004).

¹⁵ Id.

¹⁶ Daymark Energy Advisors, Net Metering Review: GPA Request to Modify Current Net Metering Rider, March 20, 2019, at p. 1.

¹⁷ Id., at p. 2.

("kW") cap of 10%, based on GPA's system peak demand, 261 megawatts ("MW")¹⁸, from August 1, 2017.¹⁹

Based on the 2017 peak demand and the currently installed kW of customer-generators, 18,894 kW²⁰ or about 19 MW as of October 2018, the level of penetration is about 7% of GPA's system peak demand.²¹

Daymark stated that even though the current penetration level is about 7% of the total GPA system peak demand, customer-generators are not contributing most of their output at the time the GPA's system peaks²², which GPA shows is between 1800 and 1900 hours.²³

While the 10% aggregate cap proposed by Daymark is higher than many of the U.S. states with similar cap limits, Daymark stated that the setting of this cap will enable GPA to conduct a distribution system impact study, which GPA stated would be completed in 2019²⁴, to gain a deeper understanding of locational and overall benefits and costs that customer-generators have on the distribution system.²⁵

As additional support for increasing the level of penetration cap, Daymark stated that Hawaii did not start experiencing circuit level issues until penetration reached 10% and the number of customer-generator installs in Guam have been declining since the end of 2017, even though distributed generation costs have been decreasing.²⁶

The PUC should establish a new level of penetration in the NM Rider upon which the PUC will be required to undertake a review of the net-metering program.

The NM Rider should be amended as follows. In accordance with the Daymark recommendation, the following provision of the Net Metering Rider should be deleted: "However, at that time the number of Customers 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."

¹⁸ GPA Work Session, at p .6 (Apr. 19, 2018).

¹⁹ Daymark Energy Advisors, Net Metering Review: GPA Request to Modify Current Net Metering Rider, March 20, 2019, at p. 2.

²⁰ GPA's October 2018 Net Metering Report.

²¹ Daymark Energy Advisors, Net Metering Review: GPA Request to Modify Current Net Metering Rider, March 20, 2019, at p. 2.

²² Id.

²³ GPA Petition for Modification of Current Net Metering Rider, Exhibit A, at p .8, GPA Docket 19-04, filed October 4, 2018.

²⁴ Technical Session between the ALJ, Daymark, and GPA (Jan. 17, 2019).

²⁵ Daymark Energy Advisors, Net Metering Review: GPA Request to Modify Current Net Metering Rider, March 20, 2019, at pp. 2-3.

²⁶ Id., at p. 3.

In place of the deleted provision, the following amendment should be added to the NM Rider:

“However, when the capacity of Customer-Generator installations on the GPA system exceeds an aggregate KW cap (10%) of the utility’s system peak demand (261 MW), the PUC will review the net metering program, determine whether the NM Rider should continue to be offered for new “net metering” customers, and consider whether any other adjustments should be made to compensation rates paid by GPA to customer-generators for capacity generation.”

Regarding GPA’s planned distribution system impact study, Daymark recommended that as part of this study GPA should conduct a full, balanced benefit-cost analysis that would analyze all impacts distributed generation has on the distribution system, which will enable GPA to more fully consider avoided costs and benefits that are used in the VOS rate calculation, which should also consider the change in fuel costs due to the renewable generation GPA is bringing online in the next few years.²⁷

This kind of study is an important consideration because GPA’s distribution system has not been designed to include customer-generators.²⁸

Once GPA conducts a full distribution study benefit-cost analysis that analyzes all impacts of locational distributed generation has on the distribution system and the aggregate kW cap is reached, Daymark recommends the NM Rider be re-opened for discussion of program and rate changes.²⁹

Until then and going forward, Daymark recommends that GPA include a rebate program for battery storage in their Demand-Side Management (“DSM”) program and encourage solar providers to include storage with the solar system and explain the benefits to customers.³⁰

The addition of a storage system will allow customer-generators to store net excess generation during the day for use in helping GPA meet and reduce daily peak system demand occurring in the evening, which reduces the need for new resource investment to the benefit of all customers.³¹

To address the lost revenue GPA has calculated, Daymark recommends GPA include it

²⁷ Id., at pp. 3-4.

²⁸ Id., at p. 3.

²⁹ Id., at p. 4.

³⁰ Id., p. 3.

³¹ Id.

in its next base rate case filing.³²

The ALJ conducted his own independent review of the Daymark Report and filed his ALJ Report in this Docket. The ALJ concurs with the findings and recommendations of the Daymark Report. The PUC also adopts the findings and conclusions of the ALJ Report.

ORDERING PROVISIONS

After review of the record herein, GPA's Petition for Review and Approval by the PUC for Modification of Current Net Metering Rider, the Daymark Report, and the ALJ 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 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 PUC should establish a new level of penetration in the NM Rider upon the occurrence of which the PUC will be required to undertake a review of the net-metering program.
3. The NM Rider cap is hereby amended to be changed from a customer cap of 1000 net metering customers to an aggregate kW cap set at 10% of GPA's August 1, 2017 system peak demand of 261 MW.
4. The NM Rider should be amended as follows. In accordance with the Daymark recommendation, the following provision of the Net Metering Rider should be deleted: "However, at that time the number of Customers 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."
5. In place of the deleted provision, the following amendment should be added to the NM Rider:


"However, when the capacity of Customer-Generator installations on the GPA system exceeds an aggregate KW cap (10%) of the utility's system peak demand (261 MW), the PUC will review the net metering program, determine whether the NM Rider should continue to be offered for

³² Id.

new “net metering” customers, and consider whether any other adjustments should be made to compensation rates paid by GPA to customer-generators for capacity generation.”

6. GPA may petition the PUC for further changes to the NM Rider, including the rate of compensation paid to net metering customers, prior to the time at which the aggregate KW cap (10%) of the utility’s system peak demand is met, but only if it has met all of the following preconditions: (1) the distribution system impact study which GPA has already planned shall be completed; (2) GPA shall have conducted and completed a full, balanced benefit-cost analysis that analyzes all of the impacts distributed generation has on the distribution system, especially specific to the location of the distributed generation on the system; (3) A third-party consultant, undertakes and completes an independent study determining the cost of grid and other services used by NEM customers and which identifies, in detail, the specific value of those services to the NEM customers. The studies referenced in (2) and (3) above shall only be undertaken upon joint approval of the PUC and GPA, and shall be undertaken at the expense of GPA.
7. 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.
8. 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.
9. If GPA is concerned about lost revenue, it should provide appropriate evidence during its next filed base rate case.


Dated this 30th day of May, 2019.



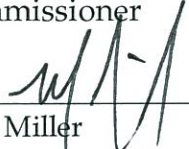
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