

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)
)
The Petition of the Guam Power Authority)
for Modification of Current Net-metering)
Rider)
)

GPA Docket 19-04

ALJ REPORT

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of the Guam Power Authority ["GPA"] for Modification of Current Net-Metering Rider.¹
2. GPA requests that the PUC modify the compensation presently provided to net-metering customers for energy produced from the current "retail" compensation rate (credit at 100% of what GPA charges the customer for energy) to a "value of solar" ["VOS"] rate compensation.
3. The proposed VOS rate will comprise of the current LEAC rate (fuel cost per kilowatt hour) plus the emissions value and system loss value. At the present time the proposed VOS rate is equivalent to \$0.161995/kWh versus the retail rate of \$0.24886/kWh. This rate would be phased in for five years for the existing NEM customers and new NEM customers would get the approved VOS rate.²
4. GPA contends that a reduction in compensation to Net-Metering Customers for energy produced is required for two basic reasons: (1) NEM Customers are not paying for certain services, which include use of the grid to sell power, use of the grid to energize their homes at night, and frequency regulation absorbed by the grid for intermittencies.
5. According to GPA, the burden of paying for these services is being shifted to non-net-metering customers; and (2) the present retail compensation rate for NEM Customers is resulting in a revenue loss annually to GPA in the magnitude of \$3.4 Million.³

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

² Email from GPA Assistant Chief Financial Officer Cora Montellano to PUC ALJ Frederick Horecky, dated February 28, 2019.

³ 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, adopted August 28, 2018.

BACKGROUND

6. In Public Law No. 27-132, enacted on December 30, 2004, the use of solar technology and other alternative energy-generation systems was authorized to expand the island's electric supply, without the need for additional investment by the utility company.⁴
7. The Public Law created a "net-metering system." Thereunder, customer-generators could establish facilities for the production of electrical energy, using solar and various other types of alternative energy sources.⁵ "Net-metering" is a service to the customer under which electric energy is generated by that electric customer from an eligible on-site generating facility and is delivered to Guam Power Authority ["GPA"] local distribution facilities.
8. Net-metering is the measure of the difference between electricity supplied by a utility and the electricity generated by a customer-generator which is fed back to the utility over the applicable billing period. Such electric energy generated by the customer may be used to offset electric energy provided by GPA to the customer during the same billing period.⁶
9. Public Law 29-62, enacted on April 4, 2008, established that the rate structure for the net-metering program is subject to the approval of the PUC. Section 6 of the law, now enacted as 12 GCA § 8506, provides as follows: "GPA is authorized to immediately implement an interim, emergency net-metering rate structure wherein Customer generators shall be entitled to receive immediate credit for one hundred percent (100%) of the power generation capacity based on the specifications of the generation equipment installed times the rate the Guam Power Authority currently charges the customer until such time that GPA submits a rate structure to the PUC for the net-metering program and it is approved by the PUC. This interim rate shall be subject to PUC revocation at any time."⁷
10. On December 29, 2008, the PUC approved an "Interim Net-Metering Rider for Customer-Generator Energy Facilities."⁸ This Rider is a tariff which includes applicable rules and procedures for customers who participate in the net-metering program. The Net-Metering Rider, which was adopted for final

⁴ 12 GCA § 8501.

⁵ 12 GCA § 8502.

⁶ 12 GCA §§ 8502 & 8503.

⁷ 12 GCA § 8506.

⁸ PUC Decision and Order, Docket No. 08-10 (In the Matter of Net-metering pursuant to P.L. 27-132 and 29-62), dated December 29, 2008.

implementation after a Public Hearing, stated in part as follows: “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 that time the number of Customer-Generators exceeds one-thousand (1,000) 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.”⁹

11. The Net-metering Rider only requires the PUC to “review” the Rider when the number of Customer-Generators exceeds one-thousand (1000) customers. It does not require the PUC to take action. In addition, the NM Rider indicates that it is available “to all customers without limitation” as to the aggregate capacity of the Customer-Generator installations on the GPA system. The only issue that PUC is actually required to review is whether the NM Rider should continue to be offered “for new” net-metering “customers.” The Rider indicates that the review only extends to new net-metering customers, not existing net-metering customers.
12. GPA’s present Petition to modify the Net-metering Rider is not GPA’s first attempt to do so. In GPA’s FY2014 Base Rate Case, GPA Docket 11-09, GPA sought similar relief to that sought in this case, which was to reduce the compensation to net-metering customers for energy generated from the “retail” rate to the Levelized Energy Adjustment Clause [“LEAC”] rate, which would only afford compensation for avoided fuel cost.¹⁰
13. The PUC Consultant, Georgetown Consulting Group, concluded that the 100% credit which customer generators were required to receive for power generation capacity, the “interim rate”, was “consistent with the rate mechanisms established by the majority of mainland regulatory jurisdictions.”¹¹
14. Georgetown recognized that “most mainland regulatory jurisdictions continue to credit NEM to the grid at the full retail energy rate.” At that time Georgetown found that a “vast majority of the jurisdictions with net-metering regulations, 36 out of 46, mostly employ the use of a full retail credit for net excess generation provided to the grid.”¹²

⁹ Id., at Exhibit A, Net-metering Rider at p. 1.

¹⁰ ALJ Report, GPA Docket 11-09, in the Matter of Guam Power Authority’s FY2014 Base Rate Filing, dated September 20, 2013.

¹¹ Report of Georgetown Consulting Group, Inc., GPA Docket 11-09, dated August 27, 2013, at p. 45.

¹² Id. at p. 48.

15. In its FY13 RATE DECISION, the PUC did not approve GPA's attempt to change the compensation for capacity generated by Net-metering Customers. It held that the current Net-Metering Rider was performing exactly as anticipated and that GPA had only indicated that it had 77 net-metering customers at that time. A majority of jurisdictions still implemented the 1-for-1 retail credit, including smaller jurisdictions similar in size to Guam such as American Samoa, Puerto Rico, U.S. Virgin Islands, and Washington D.C.¹³
16. In its Petition for Modification, GPA indicated that it achieved the milestone of 1,000 net-metering (NEM) customers in June 2016.¹⁴ GPA's most recent Net-Metering Report indicates that there are currently 1,944 active net-metering customers who produce 21,453KW.¹⁵ With approximately 51,523 total customers, it appears that approximately 3.7% of GPA's total power customers are net-metering customers.¹⁶
17. The Administrative Law Judge requested that PUC Consultant Daymark Energy Advisors provide the PUC with a Report on GPA's Petition for Modification of Current Net-Metering Rider. On March 20, 2019, Daymark filed its Report with the PUC.¹⁷
18. Daymark's Report included a detailed description of net-metering policies and regulations throughout the United States, including such topics as Level of Penetration, Cost Shifting and Loss Revenue, Net Excess Generation Credit, Billing Process and Metering, Distributed Generation Costs and Benefits, Net-Metering Tariff and Rate Design, and Grandfathering of Current Net-Metering Customers.¹⁸ Daymark made the following Recommendations:
 - (a) The Commission should reject GPA's proposal. Daymark concluded that distributed solar was a good resource for Guam that added to resource diversity and had the potential to provide distribution locational benefits. Discouraging solar production would not be ideal.¹⁹

¹³ PUC FY13 RATE DECISION, GPA Docket 11-09, dated September 24, 2013, at pgs. 8-9.

¹⁴ GPA Petition for Modification of Current Net-Metering Rider, GPA Docket 19-04, dated October 4, 2018, at Exhibit "A": CCU Resolution No. 2018-17, at p. 1.

¹⁵ GPA Work Session Packet for CCU Commissioners, dated April 18, 2019, GENERAL MANAGER'S REPORT, at p. 5.

¹⁶ See GPA Work Session Packet for CCU Commissioners, April 18, 2019, Financial Highlight Report at p. 118.

¹⁷ Daymark Energy Advisors, Net-Metering Review: Guam Power Authority Request for Modification of Current Net-Metering Rider, GPA Docket 19-04, dated March 20, 2019.

¹⁸ Id., at p. i.

¹⁹ Id. at p. 50.

- (b) The Commission should amend the level of penetration to be an aggregate KW cap (10%) based upon the utility's system peak demand (261MW). This cap is supported by the fact that it was not until customer generator penetration levels in Hawaii on Oahu reached 10% that the Hawaiian Electric Co. became concerned about circuits, which lead to HECO seeking a new approval policy for roof top solar. Also, the number of GPA customer-generator installs has been declining since the end of 2017, even though the costs of distributed generation have continued to decrease.²⁰
- (c) The Commission should require GPA to include a rebate program for battery storage in the Demand-Side Management ("DSM") program and encourage solar providers to include storage within the solar systems and explain the benefits to customers. Added storage system capacity will allow net excess generation to be stored during the day and used to help meet and reduce evening demand. This will reduce GPA's need for new resource investment.²¹
- (d) The Commission should require GPA to conduct a full, balanced benefit-cost analysis, perhaps as part of its distribution system study, that analyzes all the impacts distributed generation has on the distribution system, especially specific to the location of the distributed generation on the system. This will enable GPA to more fully consider the avoided costs and benefits that impact the calculation of the value of Solar rate.²²
- (e) Until the new aggregate KW cap is reached, the Commission should not consider making any changes to the net-metering credit for excess generation sold to the grid by customer-generators.²³
- (f) GPA should provide appropriate evidence of the shift in cost responsibility, as well determine all benefits distributed generation provides to their distribution system, and then propose appropriate changes during its next base rate case.²⁴
19. On April 19, 2018, GPA filed its Amended Response to the Daymark Consultants Report.²⁵ GPA agreed with Daymark's conclusion that some costs had been shifted from net energy metering to Non-NEM customers, and that there had been some change in net excess generation credits. GPA

²⁰ Id. at pgs. 50-51.

²¹ Id. at pgs. 51-52.

²² Id. at p. 52

²³ Id.

²⁴ Id.

²⁵ GPA's Amended Response to Daymark's Report, GPA Docket 19-04, dated April 15, 2019.

indicated that it should not simply implement and pay for distributed solar because Daymark believed it is a preferred resource. There were other energy efficiency and conventional alternatives.²⁶

20. GPA questioned whether distributed solar has the potential to provide locational benefits. Since most Guam NEM systems do not use energy storage, they are unlikely to have a locational value.²⁷ GPA believes that NEM customers who have third party solar system providers have “no capital at risk” and that their payments to Power Purchase Agreement Providers are “not an investment, they are a payment for electric service.”²⁸
21. GPA contends that, just because a majority of jurisdictions set the NEM rate at the retail rate, that does not logically mean that all jurisdictions should do so.²⁹
22. GPA concurred with setting a new metering cap. However, it felt that changing the net metering rate should not be delayed until the cap was met, since the cumulative subsidy to net metering customers was \$10M.³⁰
23. On April 19, 2019, GPA filed its Addendum to the Amended Response to Daymark’s Report.³¹ GPA believes that Daymark had no “conflicts” with its avoided cost or value of solar calculations.³² GPA stated that it petitioned PUC “**to end the net metering rider...**”³³ (emphasis added). It did not feel that a locational study was necessary to determine the locational value of PV systems.³⁴

PUBLIC HEARINGS

24. Pursuant to 12 GCA § 12117, **Public Hearings**, the PUC is required to hold at least three (3) public hearings on any change in proposed rates or charges. Since GPA is requesting a reduction in the amount of compensation paid to net-metering customers for generation produced, PUC must conduct three Public Hearings before it may consider GPA’s Petition for Modification.

²⁶ Id. at p. 2.

²⁷ Id. at p. 4.

²⁸ Id. at p. 5.

²⁹ Id. at p. 6.

³⁰ Id. at pgs. 6-7.

³¹ GPA’s Addendum to the Amended Response to Daymark’s Report, GPA Docket 19-04, filed April 19, 2019.

³² Id. at p. 1.

³³ Id. at p. 2.

³⁴ Id. at p. 4.

25. The PUC conducted three Public Hearings: on March 26, 2019, at the PUC Conference Room in Hagatna at 6pm; on April 3, 2019, at the Senior Citizens Center in Dededo at 7pm; and on April 4, 2019, at the Agat Community Center at 7pm.
26. At the Hagatna hearing, the Executive Vice President of Policy and Communications of Sunnova Energy Corporation, Meghan Nutting, testified telephonically and also provided substantial written testimony.³⁵ She indicated that Sunnova was operating as a residential solar and battery storage services provider in areas including Guam and the Northern Mariana Islands.
27. The Company allows homeowners to access solar systems through third party ownership with little or no upfront cost to have the system installed. She questioned GPA's contention that solar customers were shifting costs on to non-solar customers. Citing a 2017 Lawrence Berkley National Labs study (LBNL), LBNL found that, at solar penetration rates below 10%, any cost-shift was so negligible as to be essentially irrelevant, and that the cost-shift could be measured as either a net cost or a net benefit to non-participating customers.³⁶
28. She stated that only the 3% of the total electricity customers on Guam were net-metering customers. She also pointed out that Hawaii did not make any changes to its net-metering construct until the island's solar penetration was close to 10%. She was concerned that lowering the amount of compensation to net-metering customers for energy produced would undermine and discourage the solar industry. There would be a decrease in the number of customers willing to invest in solar and limitations upon the financial benefits that energy customers may receive from distributed solar.³⁷
29. Finally, she requested that a compensation rate be kept at or close to the current retail rate, and that all current net-metering customer should be "grandfathered" for a minimum of 20 years, as Puerto Rico has just done through legislation.³⁸
30. Karl R. Rabago, of Rabago Energy LLC, also testified orally and in writing at the Hagatna Public Hearing, on behalf of Micronesia Renewable Energy,

³⁵ Comments of Meghan Nutting, EVP of Policy and Communications on behalf of Sunnova Energy Corporation, GPA Docket 19-04, filed March 26, 2019.

³⁶ Id. at pgs. 2-3.

³⁷ Id. at pgs. 2-4.

³⁸ Id. at p. 4.

Inc.³⁹ Mr. Rabago is a lawyer with extensive experience in the solar energy and power regulatory field, including service as a Commissioner on the Public Utility Commission of Texas and as a Deputy Assistance Secretary with the United States Department of Energy.

31. He indicates that GPA's "Buy-All-Sell-All" ["BASA"] proposal is contrary to the legislative intent with the net-metering program. That program requires a tariff that measures the difference between electricity supplied and electricity generated over the billing period. However, GPA would replace net-metering with a system that separately charges the customer for purchase and sale from electricity without electricity netting. He claims that the BASA model is rarely used in utility regulation in the United States. Net-metering customers are not "wholesale electricity generators" and should not be treated as such by the BASA tariff.⁴⁰
32. Rabago states that GPA has not conducted a cost of service study for net-metering customers but has based its study on a "fixed-in-time analysis of fixed costs." No meter data is used for solar production. There is also no measured data for consumption patterns of net-metering customers.⁴¹
33. Rabago disputes GPA's calculation of "avoided cost" and suggests that GPA ignores the long-term resource value of generation from distributed solar generation. The retail rate reflects the total cost avoided when a customer does not use a kWh of electricity. Generation from distributed solar avoids costs at an equivalent to the amount of \$00.2704, as determined by the Clean Power Research Value of Solar Study.⁴²
34. Furthermore, GPA offers no cost-based evidence to support any assertion that net-metering customers use the grid for services that they do not pay for. GPA has produced no evidence that the reverse flow of electricity from a customer's premises creates any cost incurred by GPA.⁴³
35. No regulatory commission has adopted a buy-all-sell-all tariff by regulation, because such tariffs are inconsistent with net-metering, and because they are unjust and unreasonable. GPA fails to properly credit net-metering customers with the value of the generation that they produce.⁴⁴

³⁹ Comments of Karl R. Rabago, Rabago Energy LLC, on behalf of Micronesia Renewable Energy, Inc., GPA Docket 19-04, filed March 26, 2019.

⁴⁰ Id. at p. 2.

⁴¹ Id. at p. 3.

⁴² Id. at pgs. 3-4.

⁴³ Id. at p. 4.

⁴⁴ Id. at p. 6.

36. GPA claims that customer generation does not reduce peak demand. However, net-metering provides capacity value during the hours it operates, even if that output does not match exactly with the system peak. GPA assigns no value to the effect that customer generation can have by reducing long-term transmission and distribution costs or fixed operations and maintenance costs.⁴⁵
37. Also, GPA ignores the benefit of solar generation that it is a “hedge” against fuel price volatility. The allegation that GPA does not “hedge” its fuel prices has nothing to do with the fact that solar generation is a hedge against fuel price volatility. GPA also ignores the fact that net-metering generation installs at customer expense does reduce the cost of compliance with the Renewable Portfolio Standards. Net-metering adds renewables paid for only by the customer generator.⁴⁶
38. Jeffrey Voacolo, Chief Operations Officer of Micronesia Renewable Energy Inc. also, testified orally and in writing at the Hagatna Public Hearing.⁴⁷ He indicated that, in the CCU prior hearings on net-metering, GPA had not responded to the 85 questions which he presented concerning why they were so aggressively pushing for the net-metering change when penetration was so low on the grid at the distributed generation level (he also submitted testimony and the Clean Power Research Report that had been presented to the CCU in July 2017).⁴⁸
39. He disputed GPA’s claimed “loss of revenues.” He suggested that if the correct formula were used, GPA’s alleged loss would be reduced from roughly \$3.4M to \$2.547M, and that the loss revenue number was “over - stated.” Furthermore, since the alleged loss was below a 10% solar energy penetration, it is questionable whether an actual loss occurred in accordance with the Berkley Laboratory Report previously cited.⁴⁹
40. Mr. Voacolo also suggested that GPA’s failure to assign any value to generation produced by net-metering customers was not reasonable. At present MRE was installing in Guam a battery solution to give existing customer the ability to retro fit their systems with battery storage. This

⁴⁵ Id.

⁴⁶ Id.

⁴⁷ Written Testimony from Jeffrey Voacolo, Chief Operations Officer, Micronesia Renewable Energy, Inc., GPA Docket 19-04, filed March 26, 2019.

⁴⁸ Id. at pgs. 1-2.

⁴⁹ Id. at p. 2.

solution now adds capacity to the utility peak loads that will help reduce the peak at night eliminating the stated “duck curve” that could be a problem in Guam’s future. The storage scenario changes how energy is dispatched during the day and changes the entire argument on the utilities NEM debate.⁵⁰ Given the low level of solar penetration on the grid, GPA and CCU should not disrupt the growth of net-metering while it is still in its infancy stage.⁵¹

41. Joe Rosario, the Business Development Director for Micronesia Renewable Energy, testified that GPA’s net-metering proposal will have serious negative impacts to the solar industry and the growth of distributed generation. It would discourage future homeowners from going solar. GPA’s proposal is also not consistent with the intent of Public Law 27-132 on Net-Metering. The purpose of that law is to encourage the expansion of the islands electric supply through the use of distributed solar. He estimated that the current 18MW of solar distributed generation on the grid in Guam equates to more than \$50M in direct investment to the island.⁵²
42. In addition, there were six net-metering customers and one non-net-metering customer who presented oral testimony at the hearing. Testifying parties included both owners of their own home solar systems, as well as individuals who had entered long term lease agreements from third party generators.
43. The net-metering customers evidenced common concerns; Mr. Joseph San Nicolas, a solar homeowner, believed that GPA was undervaluing the contribution that his solar system made to the energy infrastructure. He felt, like most solar system owners and solar customers through third parties, that changes to the current program could undermine his investment; present conditions should remain unchanged.
44. As with most system owners or lessors, he felt that the current net-metering program should be grandfathered for 20 years as it had been done in states like Hawaii, Nevada and Arizona. He concurred with the written testimony of Mayor Melissa B. Savares of Dededo, who also felt that GPA was undermining the value of her solar system to the energy infrastructure.⁵³
45. Mr. Christopher Angoco, who leased his own solar system from a third-party provider, felt that GPA’s proposed changes were a “penalty” upon him and

⁵⁰ Id.

⁵¹ Id. at p. 3.

⁵² Testimony of Joe Rosario, GPA Docket 19-04, PUC Public Hearing at Hagatna on March 26, 2019.

⁵³ Testimony of Dededo Mayor Melissa Savares, GPA Docket 19-04, filed March 26, 2019.

other similarly situated. Tony Quitugua indicated that he was producing power for GPA and that the power bill had ballooned. He did not feel that the government was doing enough to reduce power consumption. He further requested that all existing customers be grandfathered for 20 years.

46. There were over thirty written testimonies presented at the Hagatna Public Hearing, with only a few also testifying orally. Nearly all testimonies objected to the modifications sought by GPA. A uniform point in the testimonies was that GPA had not fairly evaluated the value of the contribution of their solar systems; conditions on their investments in solar energy should remain the same so as to prevent unfairness to them. Grandfathering of existing solar systems for 20 years was universally requested.
47. Cora Montellano, who is also the Assistant Chief Financial Officer at GPA, testified in her personal capacity "on behalf of the non-solar customers, especially the low-income families on the island regarding the rates currently charged by the Authority for Net-Metering (NM) customers."⁵⁴
48. She indicated that the non-net metering customers had not been represented in important public hearings on this issue, and she was speaking on their behalf.⁵⁵
49. She questioned why net-metering customers were being subsidized by the non-net metering customers. She stated that NM customers should pay the full delivery cost whenever they require power from GPA. GPA was losing \$3.2 million revenues annually from the 1,800 NM customers.⁵⁶
50. The \$3.2M loss would require a rate increase of 2% on power bills; this increase would be borne by non-net metering customers, while NM customers would not be impacted at all. GPA and PUC will be required to create a substantial undo burden on the island's low-income ratepayers, as well as ratepayers who cannot afford to have solar PV.⁵⁷
51. At the second Public Hearing at the Dededo Senior Citizens Center, 7:00 p.m. on April 3, 2019, only one witness testified: Dr. William Weare. He is a solar system owner, and strongly objected to the proposed decrease in compensation to net-metering customers for energy produced. He felt that

⁵⁴ See also Written Testimony of Cora Montellano, Concerned Citizen, GPA Docket 19-04, filed March 26, 2019.

⁵⁵ Id. at p. 1.

⁵⁶ Id.

⁵⁷ Id.

GPA did not identify any dollar amount impact which solar customers allegedly placed upon the grid/distribution system. In his view, the grid system should already be fully depreciated. GPA was not fairly valuing the energy which net-metering customers produced for the GPA system.

52. The last Public Hearing was held at the Agat Community Center at 6:00 p.m. on April 4, 2019. There were five people who testified.
53. Gary L. Leischner testified that he was an owner of a home solar system in Santa Rita, Guam. He felt that his system contributed solar power generated to GPA. He did not object to paying his fair share of the cost of the power generation if GPA could demonstrate that there were such costs which he should pay.
54. Dr. William Weare testified again. He claimed that there were inaccuracies in the pamphlet sent to ratepayers by GPA with their current power bills. The pamphlet supported GPA's position of lowering the compensation rate paid to net-metering customers. Dr. Weare felt that GPA was not the sole provider of solar power, and that its costs were the result of administrative incompetence. Useful power is produced by homeowners for GPA.
55. As far as net-metering customers not paying their "fair share" for the GPA grid/distribution system, Dr. Weare felt that all of those facilities had been depreciated over 50 years. GPA had not properly considered battery storage facilities for excess solar power. Private providers of solar energy should be compensated; the original legislation hoped to prevent GPA having to take loans for new generation. Renewables should be encouraged and are a better long-term solution than oil. Unfortunately, GPA was targeting the private owners of solar systems.
56. The other testifying parties, Mr. and Mrs. Campos Agrado and Mr. Scott and Mrs. Rachel Grettum, testified concerning questions and issues involving their lease agreements with third party solar system providers. They did not take a position on proposed modification by GPA.

ANALYSIS

57. Daymark Energy Advisors has concluded that PUC should reject GPA's Petition. Based upon the Daymark Report, and his own independent analysis, the ALJ concurs with Daymark recommendation and also recommends that GPA's proposal be rejected.

**GPA'S PROPOSAL IS CONTRARY TO, AND INCONSISTENT WITH,
THE LEGISLATIVE INTENT IN ESTABLISHING THE NET METERING
PROGRAM IN GUAM.**

58. The Net-Metering Program was created by the Guam Legislature, not GPA or the PUC.
59. The Legislature created the Net-Metering Program with certain goals in mind: (1) to expand the island's electric supply with solar and other technologies, without the need for additional capital investment by the utility company; (2) to encourage private investment in renewable energy resources; (3) to stimulate economic growth; and (4) to enhance the continued diversification of the renewable energy resources used on Guam.⁵⁸
60. The Legislature carefully crafted a "net-metering" program, which defined "net-metering" as "the difference between the electricity supplied by a utility and the electricity generated by a customer generator which is fed back to the utility over the applicable billing period."⁵⁹ The net-metering system is "intended primarily to offset part or all of the customer-generator's requirements for electricity."⁶⁰
61. GPA is required to offer net-metering to customer generators operating within its service area.⁶¹
62. 12 GCA § 8505 establishes certain requirements for net-metering billing:
- "(b) The net energy measurement must be calculated in the following manner:
- (1) The utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.
- (2) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator which is fed back to the utility during the billing period, the customer-generator must be billed for the net electricity supplied by the utility.

⁵⁸ 12 GCA § 8501.

⁵⁹ 12 GCA § 8502.

⁶⁰ 12 GCA § 8502(c)(s).

⁶¹ 12 GCA § 8503(a).

(3) If the electricity generated by the customer-generator which is fed back to the utility exceeds the electricity supplied by the utility during the billing period, the customer-generator is entitled to compensation for electricity provided to the utility during the billing period at a rate to be determined by the Public Utility Commission."

63. Finally, under the current net-metering rate structure, net-metering customer generators are entitled to receive "immediate credit for one hundred percent (100%) of their power generation capacity times the rate the Guam Power Authority currently charges the customer" unless the PUC approves a new rate structure.⁶²
64. GPA has made it clear that its goal is not just the modification of the net-metering program, but its entire elimination. GPA Response to the Daymark Report states in part: "GPA is petitioning the PUC to end the net-metering rider and the development of more diverse solar PV programs."⁶³ In its Petition, GPA indicated that it is seeking a "Replacement for the Net-Metering Program".⁶⁴
65. The Testimony of Karl R. Rabago on behalf of Micronesia Renewable Energy, Inc., establishes that GPA's "Buy-All-Sell-All tariff proposal, is an attempt to eliminate the net-metering program established by the Guam Legislature. It would implement a new tariff that is not a net-metering program."⁶⁵
66. GPA seeks to eliminate net-metering. This conclusion is confirmed by the Report of GPA's Consultant Black & Veatch:
- "GPA's current two-part rate with net-metering is unable to produce an equitable treatment of full requirement customers and solar DG customers (partial requirements customers) who have different demand profiles and load factors... Rate design must be unbundled so that each utility service is priced separately."⁶⁶
66. Under GPA's proposal, net-metering customers would subsequently be billed under two different rates. For energy utilized by the net-metering customer

⁶² 12 GCA § 8506.

⁶³ GPA ADDENDUM TO THE AMENDED RESPONSE TO DAYMARK'S REPORT, GPA DOCKET 19-04, dated April 19, 2019, at p. 2.

⁶⁴ Attachment to GPA Petition, ISSUE FOR DECISION, Net-Metering (NEM) Credit Recommendation, p. 10.

⁶⁵ Comments of Karl R. Rabago, GPA Docket 19-04, dated March 26, 2019, at pgs. 1-3.

⁶⁶ Black & Veatch, Guam Power Authority Net Energy Metering Tariff Review, August 11, 2016, at p. 24.

from GPA, the customer would pay \$0.24886/kWh; however, GPA proposes to pay a “Value of Solar” rate to net-metering customers solar energy which they produce at a rate of \$0.161995/kWh.

67. Under the “Buy-All-Sell-All” GPA plan, customer generators would be required to buy all power which they utilize from GPA. On the other hand, the customer-generator would be required to sell all solar power produced at the VOS or avoided cost rate. There would apparently be separate billing calculations for power bought and sold by the former net-metering customers.
68. This methodology is directly contrary to the carefully crafted net-metering structure established by the Guam Legislature under law. The Legislature indicated that the net-metering system was primarily intended to offset part or all of the customer-generator’s requirements for electricity. The proposed new GPA BASA TARIFF, to the contrary, would convert each unit of consumption and generation, as they occur, into a monetary amount. Contrary to the existing statute, the GPA proposal does not reflect netting of electricity over the billing period as required by the statute. The BASA model is entirely different from net-metering, and is rarely used in jurisdiction in the United States.⁶⁷
69. In effect, adoption of GPA’s proposal would repeal the net-metering program crafted by the Guam Legislature.
70. The GPA proposal is likewise inconsistent with the federal standard for net-metering. Under federal law, “net-metering service” includes electric energy generated by an electric customer from an on-site generating facility, and “may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.”⁶⁸
71. The GPA proposal is inconsistent with federal law because it eliminates the customer’s right to offset electricity consumed with electricity produced during the applicable billing period. It proposes, instead, a simultaneous purchase and sale arrangement without electricity netting.⁶⁹
72. Net-metering customers are not in the business of selling electricity at wholesale and should not be treated as such. The net-metering tariff is intended to facilitate the installation of electric generation systems aimed at

⁶⁷ Comments of Karl R. Rabago, GPA Docket 19-04, dated March 26, 2019, at pgs. 1-3.

⁶⁸ *Id.*, at 16 USC § 2621(d)(11).

⁶⁹ *Id.*

offsetting consumption and reducing bills. Net-metering customers should not be treated as wholesale electricity generators in the business of making and selling electricity.⁷⁰

73. The PUC likely does not have the authority to completely eliminate the net-metering system as established by the Guam Legislature, which is now embedded in law. While PUC has the authority to modify net-metering rates, it should not be asked to invalidate and void the net-metering system established in current law. That should be an undertaking, if at all, for the Guam Legislature and not the PUC.

GPA'S PROPOSAL IS CONTRARY TO THE LEGISLATIVE GOAL OF ENCOURAGING PRIVATE INVESTMENT IN SOLAR ENERGY.

74. As previously indicated, by establishing the net-metering system the Guam Legislature intended to expand solar technology on Guam, to encourage private investment in renewable energy resources, and to stimulate economic growth. Adopting the proposal of GPA to reduce the compensation to net-metering customers for energy produced would be contrary to all of the goals of the Legislature as established in the statute. It is undeniable that a substantial reduction of the current 100% credit provided to net-metering customers for energy produced would very likely discourage private investment in renewable energy. Lowering the net-metering rate "could undermine the economics of going solar and therefore decrease the number of customers willing to invest in solar."⁷¹
75. Solar advocates have questioned why GPA would wish to disrupt the growth of "this vital energy source."⁷² The changes proposed by GPA, if approved by the PUC, will likely have serious negative impacts to the solar industry and the growth of distributed generation.⁷³
76. Daymark Energy Advisors has concluded that the number of net-metering customer-generator installs has been declining since the end of 2017, even though the costs of DG have continued to decrease. GPA's own statistics for monthly installation of net-metering systems indicates that for the November 2016, there was a high number of 120 NEM systems installed; for late 2018 and early 2019, the monthly installations had dropped to an average of roughly 20 installations per month.⁷⁴

⁷⁰ Id.

⁷¹ Comments of Meghan Nutting, GPA Docket 19-04, filed March 26, 2019, at p. 4.

⁷² Testimony of Jeffrey Voacolo, GPA Docket 19-04, filed March 26, 2019, at p. 3.

⁷³ Testimony of Joe Rosario, GPA Docket 19-04, filed March 26, 2019.

⁷⁴ Pocket for CCU Commissioners, GPA Work Session, March 21, 2019 [GM REPORT], at p. 32.

77. Indeed, the PUC should be extremely cautious about taking precipitous action which could discourage private investment in renewable energy resources. Such a result would be directly contrary to the goal of the Guam Legislature encouraging net-metering investment. Likewise, such actions could decrease economic growth in the solar industry. It is simply not appropriate for the PUC to take action directly contrary to the stated goals of the Guam Legislature.

THE NET METERING PROGRAM SHOULD NOT BE MODIFIED BECAUSE OF THE LOW LEVEL OF SOLAR PENETRATION IN GUAM.

78. GPA has indicated that roughly 3.6% of its customers (1,944) are net-metering customers. However, numerous jurisdictions have declined to modify their net-metering programs until a far higher level of penetration was reached.

79. States such as Utah and Maryland have set cap limits at or over 10% of peak demand.⁷⁵ Daymark recommends that the net-metering program not be further reviewed by the PUC until energy production by net-metering customers exceeds ten (10) percent of GPA's system peak demand.⁷⁶ The ALJ concurs with this recommendation.

80. Postponing further review by PUC at present will provide GPA additional time to conduct its distribution impact study to better understand the locational and overall benefits and costs of customer generators on its distribution system.⁷⁷

81. Until the new aggregate KW cap is reached, the Commission should not consider making any changes to the net-metering credit for excess generation sold to the grid by customer generators.⁷⁸

82. It was not until customer generator levels in Hawaii on Oahu reached 10% that a concern about circuits led Hawaiian Electric Co. to seek a new approval policy for rooftop solar.⁷⁹

83. The net-metering industry on Guam is still in a young stage of its development. GPA has historically declined to count any of the net-metering

⁷⁵ Daymark Energy Advisors, Net-Metering Review: Guam Power Authority Request for Modification of Current Net-Metering Rider, GPA Docket 19-04, dated March 20, 2019, at p. 2.

⁷⁶ Id.

⁷⁷ Id., at p. 3.

⁷⁸ Id., at p. 4.

⁷⁹ Id., at p. 3.

production, which now appears to produce 20MW, as part of GPA's total production capacity. GPA reasons that the net-metering energy is of little use because it is not available to solar GPA's peak load during the evenings. However, it is quite likely that there will be solar battery storage arrangements occurring in Guam within the next few years that will substantially change the current situation. More prevalent battery storage for home roof top solar systems will allow energy produced through net-metering to be used during the evening peak load hours.

84. Jeffrey Voacolo, Chief Operations Officer of Micronesia Renewable Energy Inc., testified that MRE is now installing the LG Chem battery solution on Guam, and has also signed an agreement with TESLA that will give its existing customers the ability to retrofit their systems very easily with battery storage, a "plug and play" solution.
85. Battery storage will add capacity to GPA's peak loads that will help reduce the peak at night. Mr. Voacolo indicates that "this storage scenario changes how energy is dispatched during the day to a customer's night time use and greatly changes the entire argument on the utility's NEM debate."⁸⁰ He questions why GPA would seek to change the current net-metering system with low penetration on the grid and the emerging ability to effectively couple net-metering systems with storage.⁸¹
86. Daymark has also recommended that the PUC require GPA to include a rebate program for battery storage in the Demand-Side Management ("DSM") program, encourage solar providers to include storage within the solar systems, and explain the benefits to customers.⁸² This recommendation would help to ensure that solar power produced by net-metering customers will be available to help reduce the evening peak load.
87. All along GPA has claimed that NEM Solar PV systems on Guam do not reduce peak demand and therefore does not eliminate conventional capacity needs.⁸³ However, the advent of battery storage is a potential game changer which could provide energy during the evening hours and alter GPA's view of the NEM solar that it does not eliminate conventional capacity needs. With such possible change on the near horizon, it makes little sense to eliminate the

⁸⁰ Written Testimony of Jeffrey Voacolo, GPA Docket 19-04, filed March 26, 2019, at p. 2.

⁸¹ Id., at p.3.

⁸² Daymark Energy Advisors, Net-Metering Review, GPA Docket 19-04, filed March 20, 2019, at p. 51.

⁸³ Black & Veatch, Issue for Decision [Net-Metering (NEM) Credit Recommendation, attached to GPA Petition for Modification of Current Net Metering Rider, at p. 7.]

current net-metering program, particularly in light of the potentially game changing developments in the next few years.

THE GUAM PUC SHOULD CONTINUE TO PROVIDE CUSTOMER-GENERATORS WITH CREDIT FOR ONE HUNDRED PERCENT (100%) OF THEIR POWER GENERATION CAPACITY; THE VAST MAJORITY OF UNITED STATES JURISDICTIONS CONTINUE TO PROVIDE THE RETAIL RATE TO POWER PRODUCED BY NET METERING CUSTOMERS.

88. Daymark concludes most of the states in the United States are still crediting customers at or near the full retail rate.⁸⁴ California continues to compensate net-metering customers at the retail rate, and also includes no limits on net-meter generation production.⁸⁵ Over twenty-five states in the United States still provide full retail credit to NEM customers; only six states provide an “avoided cost” rate to NEM customers.⁸⁶

GPA HAS NOT PRODUCED SUFFICIENT JUSTIFICATION OR EVIDENCE FOR THE PUC TO ELIMINATE NET METERING OR ADOPT AN “AVOIDED-COST”/“VALUE OF SOLAR” COMPENSATION.

89. In a number of instances, the evidence provided by GPA does not establish sufficient justification for the adoption of the remedies that GPA proposes.

90. For example, concerning the annual “subsidies” that GPA claims non-net metering customers are paying, no actual figures are provided but only “estimates.”

91. GPA claims that the current subsidy “paid” by non-net metering customers is \$3.4M per year. However, this “estimate” is based upon the assumption by the National Renewable Energy Laboratory that each net-metering customer on Guam produces solar energy for 5.092 hours per day. There is no actual data to back this estimate up.

92. The data apparently does not take into account rainy days or cloudy days where little or no solar energy may be produced. In addition, it is a well-known fact that solar panels degrade over time in terms of their ability to produce solar energy. As Daymark pointed out, GPA has not taken this degradation factor into account.

⁸⁴ Daymark Energy Advisors, Net-Metering Review, GPA Docket 19-04, at p. 50.

⁸⁵ Id., at pgs. 28 & 22 (no aggregate capacity limit).

⁸⁶ Id., at p. 27 [Figure 7, State Rank in Installed Capacity (Watts/Person) and Credit Type].

93. The Chief Operations officer of Micronesia Renewable Energy Inc. indicates that if GPA had used the proper formula, the so called “cost shift from solar energy ratepayers to non-solar energy rate payers” would decline from \$3.4M to \$2.547M.⁸⁷
94. GPA will undoubtedly argue that there is still some cost shifting; however, without actual data and firmer calculations as to the impact, it is not prudent for the PUC to make the drastic changes sought by GPA.
95. As earlier pointed out in the testimony of Meghan Nutting, Executive Vice President of Policy and Communications for Sunnova Energy Corporation, the study conducted by the Lawrence Berkeley National Labs explored issues of cost-shifts from solar to non-solar customers. It found that, at solar penetration rates below 10%, such as Guam, “any cost-shift is so negligible as to be essentially irrelevant and that cost-shift could be measured as either a net cost or a net benefit to non-participating consumers.”⁸⁸
96. One can question GPA’s underlying assumption that, to date, “costs” have been shifted from net-metering to non-net metering customers. GPA has not shown, in reality, that any actual cost has been shifted from net-metering to non-net metering customers. GPA’s base rates have remained the same for many years. The power rates for net-metering and non-net metering customers are the same and have been the same for many years. GPA’s argument about cost-shifting is based upon an assumption that these costs will be shifted to non-net metering customers in subsequent rate cases. To date, no actual costs have been shifted to non-net metering customers.
97. What GPA terms as the “subsidy” (the shifting of costs from net-metering to non-net metering customers), even if it exists, is the result of a legislative determination that customers in Guam should be entitled to establish a net-metering system by law. If a “subsidy” was created at all, it was created by the Guam Legislature. GPA is aware that there are many existing subsidies in the law where certain rate classes “subsidize” other rate classes.
98. There is a “subsidy” to residential ratepayers at lower rates for the first 500KW utilized per month, which is subsidized by government and commercial classes. In general, the commercial and government classes subsidize the residential classes. Such subsidies are based upon policy to the extent that a “subsidy” exists. The Guam Legislature has determined that

⁸⁷ Testimony of Jeffrey Voacolo, GPA Docket 19-04, filed March 26, 2019, at p. 2.

⁸⁸ Testimony of Meghan Nutting, GPA Docket 19-04, dated March 26, 2019, at p. 2.

GPA should be required to compensate net-metering customers for energy produced by their solar systems.

99. GPA also apparently assumes that it should be able to “recover” the “lost revenues” which it pays to net-metering customers for their production of energy. However, as Daymark has stated in testimony in Utah before the Utilities Commission:

“[U]nder traditional utility ratemaking, a utility is not entitled to recover ‘lost revenues,’ but it is entitled to recover its prudently-incurred costs. If a utility had been earning its revenue requirement and then its revenues decline more than its costs decline over the same period, it can request a rate increase. Therefore, if net-metering customers are leading to a utility not earning its revenue requirement it can come in for a rate increase that may after adjudication ultimately be passed through to non-net metering customers.”⁸⁹

100. Costs are in fact transferred to non-net metering customers only when a utility seeks recovery of these costs in a future rate case. GPA has not yet done so. And, it could only obtain rate relief if its present rates or revenues are not sufficient to cover its present costs.
101. There are significant difficulties in GPA’s evaluation of issues concerning the Value of Solar rates, and the contribution of net-metering customers to the system. It has never been clear why GPA assigns zero value to the energy produced by net-metering customers. Even granting that such energy does not assist GPA with the evening load, it does produce energy that is utilized to serve system needs during the daytime. It is not prudent for PUC to resolve this issue without considering the fact that, at present, and in the next few years, there may well be considerable change brought about by battery storage, both in home solar systems and in utility scale solar.
102. While GPA claims that solar power does not eliminate conventional capacity needs, it has always been willing to add the 20MW produced by net-metering customers towards demonstrating achievement of its Renewable Portfolio Standards. GPA already estimates that the renewable energy produced by net-metering customers and Phases I, II & III will exceed the present statutory mandate to produce 25% net electricity sales by 2035 (PL 29-62). GPA recognizes that a benefit of solar energy produced by net-

⁸⁹ Daymark Energy Advisors, GPA Docket 19-04, Net-Metering Review, at p. 24.

metering is that it assists in meeting the Renewable Portfolio Standards. However, GPA still assigns zero value to the solar energy produced by net-metering customers.

103. In Bill No. 80-35, Senator Amanda Shelton has proposed to double Guam's Renewable Portfolio Standards, requiring that GPA meet the standard of 50% of its net energy sales by 2035. GPA has already indicated that it does not oppose this 50% RPS Standard.⁹⁰
104. The solar energy produced by Net-Metering Customers will also assist GPA in meeting these new renewable portfolio standards, should they be enacted; the renewable energy produced by net-metering customers does have value.
105. With regard to the "shift" of costs alleged by GPA from net-metering customers to non-net metering customers, Daymark concludes that GPA has not provided "appropriate evidence" of the shift in cost responsibility. It has simply not determined all the benefits to the generation system or properly analyzed the value of solar. Any alleged "lost revenues" can be addressed in a future base rate case.
106. With regard to "Value of Solar" in general, there is not a single jurisdiction in the United States that has actually implemented a "Value of Solar" tariff. GPA admits that only Minnesota and Austin Energy, Texas have even authorized the Value of Solar Model. Given that other jurisdictions have apparently determined that there is not yet a comprehensive model for adoption of Value of Solar rates, should Guam become the first jurisdiction in the United States to adopt VOS? In addition, only six states have adopted the "avoided cost" model that GPA employs.
107. GPA claims that Daymark does not appear to have issues with its Value of Solar calculations. However, Daymark concluded, in general, that GPA's Value of Solar determinations were not complete, and that a more detailed study was required. It concluded that GPA should be required to conduct a full, balanced cost-benefit study that analyzes all the impacts of distributed generation on the distribution system, specific to location on the system. This would more fully enable GPA to consider the avoided costs and benefits that impact the calculation of the value of solar rate.
108. Daymark recognized the need for a system impact study "to better understand the locational and overall benefits in costs of customer-

⁹⁰ Packet for CCU Commissioners, GPA Work Session, April 18, 2019, Renewable Portfolio Standard, The Next Step, at pgs. 43-49.

generators on its distribution system.” GPA, however, disagreed that a grid study was necessary to determine the locational value of solar PV systems. GPA’s reasoning is not persuasive.

109. GPA claims that, since most home NEM systems do not use energy storage, they are unlikely to have a locational value for deferring or reducing distribution system capacity issues. As pointed out, the landscape on this issue may be quickly changing. Battery storage systems will soon be routinely available for home NEM system; in addition, GPA itself is spearheading utility scale solar systems which will include battery storage.
110. GPA cites an article in Utility Dive concerning the Locational Value of DER.⁹¹ GPA claims that the article questions the value of studies concerning the locational value of DER. However, the main point of the article is that utilities are increasingly looking at and trying to determine the locational value of distributed generation. Efforts to determine how to reward locational value are expanding across the country. In general, Daymark concluded that GPA must better refine the categories and criteria it uses to assess Value of Solar rates:

In addition to cost categories analyzed by GPA and CPR to determine the VOS, some cost categories (Fixed Plant O&M, Reserve Capacity Cost, Transmission Capacity Cost, Distribution Capacity Cost, Voltage Control Cost, and Solar Integration Cost) that other states have considered in setting VOS rates were not included in the valuation. We asked GPA to explain why these other cost categories were not considered in the VOS calculation. As indicated above, GPA relied on Black & Veatch to conduct a Value of Solar study on their system, and then used the study findings, along with changes for costs to determine Value of Solar rate.⁹²

111. GPA cites a number of reasons why it feels that net-metering customers do not pay for services received from the grid, including use of the grid to sell power, energizing of homes at night, increased fuel cost to Non-NEM customers, frequency regulation absorbed by grid for intermittencies, reactive power supply, voltage regulation, and stand-by power on overcast days. However, GPA never indicates any monetary value for the services which it claims that net metering customers are deriving from use of the grid. There is no stated cost value which GPA claims net-metering

⁹¹ See Herman K. Trabish, Locational Value of DER, Utility Dive, published November 13, 2018.

⁹² Daymark Energy Advisors, Net Metering Review, GPA Docket 19-04, Id., at p. 15.

customers should pay for grid services. Net-metering customers have questioned why they should pay additional costs for a completely depreciated grid system.

112. If GPA believes that NEM customers are not paying for services received from the grid, there should certainly be a more solid effort and undertaking to quantify the exact “cost” of the services. The PUC should follow the logic of other state commissions. Without sufficient data to support changing rate design for net-metering customers, many states have not made changes to current net-metering tariffs other than allowing for the collection of utility lost revenues through rates.⁹³
113. Daymark has pointed to issues concerning customers who have third parties install solar systems on their homes. GPA indicates that nearly 60% of the rooftop solar systems in Guam are owned by third party solar providers. Daymark contends that the avoided cost compensation framework applied by GPA “ultimately increases the payback period for such [3rd party] systems that cannot be addressed by the 5-year phase in to a value of solar rate proposed by GPA.”⁹⁴
114. Although it may be difficult to quantify the impact, it is apparent that GPA’s proposal will have a direct impact on the 20-year contracts negotiated by the third parties and their customers. If the payback period is increased, how will that impact the contractual relation of the parties or require changes to their compensation arrangements? GPA has not considered this issue and apparently believes that it is not important or significant.
115. GPA alleges that NEM customers don’t have any capital risk as their payments to the power purchase agreement providers aren’t investments but a payment for electric service. However, the change proposed by GPA could well alter the payment arrangements between the NEM customers and the PPA providers. It will take PPA providers a longer period to recover their investments.
116. When these customers and the PPA providers entered into their contractual agreements, they were relying upon the stability of the current arrangements. It would be short sighted and unfair for the PUC to broadly alter the compensation arrangements when there is no study or investigation

⁹³ Id. at p. 26.

⁹⁴ Id. at p. 50.

of the impact upon those customers who have third party solar system providers.

117. GPA claims that the PPA providers are made “entirely” whole by the customers availing themselves of the power purchase agreements. However, reduction in the compensation for solar energy production will likely extend the payback period and may well require other alterations in the current contractual agreements.
118. Finally, GPA argues that it should not have to implement and pay for distributed solar “because Daymark believes it is a preferred resource...”. It is not Daymark that has required GPA to accept and adopt net-metering systems; it is the Guam Legislature that established net-metering as a policy and preferred resource. The Legislature did not leave it to GPA to decide to eliminate or disregard net-metering because GPA thought that there were “other preferred resources.”
119. GPA argues that it should not have to merely follow other jurisdictions in the United States that, for the most part, have continued to award compensation for energy produced by NEM customers at the retail rate. However, if the Guam PUC is to follow general, prevailing precedent, the majority rule of United States jurisdictions is that retail compensation should be paid to net-metering customers. It is appropriate for the PUC to consider and follow the majority rule in the United States.
120. GPA has repeatedly argued that net-metering is a detriment to non-net metering customers, which unfairly forces non-net metering customers to bear the price for net-metering energy production. At the public hearings on GPA’s net-metering proposals, with one exception, there were no customers who complained about the shift of cost from net-metering to non-net metering customers. If one can obtain an accurate read from the testimony at the public hearings, the public does not share GPA’s view that the cost-shift is a major concern.

RECOMMENDATIONS

121. For the reasons stated herein, the ALJ recommends that the PUC deny GPA’s Petition to Modify the Net Metering Rider.
122. The PUC should adopt the recommendations of Daymark Energy Advisors.

123. The ALJ wishes to explain how the PUC should implement the Daymark recommendation that the level of penetration be amended to be an aggregate KW cap (10%) based on the utility's system peak demand (261 MW).

124. At present, the Guam Legislature has not adopted any "cap" upon the aggregate renewable power production that net metering customers may produce. Similarly, the current NM Rider is available to all GPA customers "without limitation as to the aggregate capacity of Customer-Generator installations on the GPA system."⁹⁵

125. From review of the Daymark Report, it appears that level of penetration restrictions on the amount of capacity that net metering customers can produce are ordinarily enacted, if at all, in state legislation. If an absolute cap is to be set, it should be done by the Legislature and not the Guam Public Utilities Commission.

126. The ALJ has ascertained, through discussions with Daymark, that the purpose of the "cap" is not to set an absolute capacity level beyond which net metering customers cannot go, but to set a new level and standard of review for the PUC: that is, the next level of solar penetration at which the PUC will again undertake a review of the net-metering program.⁹⁶

127. In accordance with the Daymark recommendation, the ALJ recommends that the following provision of the Net Metering Rider 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."

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

"However, until 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 not consider making any changes to the net metering credit for excess generation sold to the grid by customer generators. When the cap is reached, the PUC will review the net metering program, determine

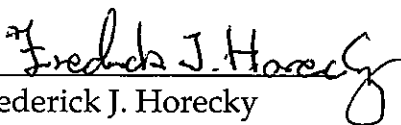
⁹⁵ PUC Decision and Order, Docket No. 08-10 (In the Matter of Net-metering pursuant to P.L. 27-132 and 29-62), dated December 29, 2008, at Exhibit A, Net-metering Rider at p. 1.

⁹⁶ Phone Conference between PUC ALJ Frederick Horecky and Daymark Energy Advisors Representatives Kathy Kelly and Matt Loiacono, on May 22, 2019.

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 given to customer-generators for capacity generation.

129.A proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24th day of May, 2019.



Frederick J. Horecky
Chief Administrative Law Judge