

Decision No. C11-1172

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 10R-674E

IN THE MATTER OF PROPOSED AMENDMENTS TO THE RULES OF THE COLORADO PUBLIC UTILITIES COMMISSION PURSUANT TO (1) THE DEVELOPMENT OF SOLAR GARDENS AS REQUIRED BY HB10-1342, (2) COMMUNITY-BASED PROJECTS THAT QUALIFY FOR SPECIAL TREATMENT UNDER HB10-1418, AND (3) USE OF ELIGIBLE ENERGY RESOURCES TO OFFSET ELECTRICAL ENERGY CONSUMPTION OF THE DIVISION OF PARKS AND OUTDOOR RECREATION AS PER HB10-1349.

**DECISION ON APPLICATION FOR
REHEARING, REARGUMENT, AND RECONSIDERATION**

Mailed Date: November 1, 2011
Adopted Date: October 20, 2011

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of an Application for Rehearing, Reargument, and Reconsideration of Decision No C11-0991 (RRR) filed by Public Service Company of Colorado (Public Service of the Company) on October 4, 2011.

2. Decision No. C11-0991, issued on September 14, 2011, addressed exceptions to Recommended Decision No. R11-0784 (Recommended Decision). In this rulemaking docket, the Commission amended the Renewable Energy Standard (RES) Rules, 4 *Code of Colorado Regulations* (CCR) 723-3-3650, *et seq.*, as required by House Bill (HB) 10-1342. That statute, codified at § 40-2-127, C.R.S., concerns the development and operation of Community Solar Gardens (CSGs).

3. As described below, we find good cause to grant, in part, certain aspects of Public Service's RRR. The subsequent changes to the RES Rules are reflected in the rules we adopt in Attachment A to this Order.

B. Meter Aggregation

4. By Decision No. C11-0991, we adopted new rule provisions in paragraph 3664(i) intended both to facilitate meter aggregation for net metered customers and to extend to CSG subscribers certain rollover provisions for billing credits consistent with the rollover provisions afforded to net metering customers.

5. In its RRR, Public Service explains that meter aggregation for CSG subscribers raises a separate set of issues than meter aggregation for customers with on-site solar or other forms of retail renewable distributed generation. We agree and therefore approach the Company's objections to paragraph 3664(i) first from the perspective of CSG subscribers and then from the perspective of net metered customers.

6. Public Service argues that the meter aggregation provisions for CSG subscribers in paragraph 3664(i) are unnecessary, since CSG subscribers are already allowed under other rules to attribute their billing credits to more than one premise. Public Service also states that paragraph 3664(i) appears to require CSG subscriptions to be attributed only to meters located on the customer's contiguous property and only to meters on the same rate schedule. Public Service argues that these limitations are not required by HB 10-1342.

7. Public Service further states that the "rank ordering" of meters for the application of CSG billing credits as addressed by subparagraph 3664(i)(IV) is unnecessarily complex and expensive to administer. The Company suggests that a simpler way to handle the apportionment of billing credits across meters is for the customer to specify fixed allocations of CSG production to each meter. Each meter would also have its own rollover credits. The CSG subscribers can then "self monitor" these allocations and re-allocate its CSG shares in the event that too many billing credits are being rolled over.

8. We agree with Public Service that a simpler method for allocating billing credits across multiple meters will suffice for CSG subscribers. We will therefore delete subparagraph 3664(i)(IV) and will instead allow the utilities to implement a method where customers simply assign allocations of their CSG shares to specific meters. In order to accommodate this approach, we modify subparagraph 3665(a)(II)(e) as set forth in Attachment A. Finally, we find that customer self-monitoring will only succeed if utilities allow for the reallocation of CSG subscriptions with a reasonable frequency and if such reallocations do not result in the forfeiture of rolled over billing credits.

9. Public Service repeats its request that the Commission delete paragraph 3664(i) in its entirety. Specifically, the Company argues that meter aggregation will aggravate the “undercollection” of transmission and distribution system costs from net metered customers. Public Service claims that such undercollections are ultimately borne by other ratepayers who do not participate in net metering.

10. Public Service further suggests that the Commission thoroughly investigate whether the public interest is served by meter aggregation for net metered customers and whether such meter aggregation is needed to encourage the development of retail renewable distributed generation. Finally, Public Service warns of high administrative expenses associated with the manual billing required to apply rank orders of aggregated meters, consistent with its discussion on the costs of implementing similar provisions for CSG subscribers.

11. As we stated in Decision No. C11-0991, any inherent subsidies paid to net metering customers have not been fully investigated and we will not base our decision regarding this matter on allegations that meter aggregation will exacerbate such subsidies.

We are concerned, however, that the rank order approach to allocating net metering credits in paragraph 3664(i) may be expensive to administer. We will thus modify these rule provisions as set forth in Attachment A in order to accommodate a simpler and less expensive method. This modified approach will preserve the main benefit intended by our adoption of paragraph 3664(i), namely to allow net metered customers with multiple meters on contiguous property to have the ability to spread out kWh credits across those meters. We further note that the requirement that all such aggregated meters be on the same rate schedule shall remain.

C. Rates for CSG Billing Credits

12. Public Service restates its arguments against the derivation of customer-specific bill credits for CSG subscribers on demand rates, consistent with its exceptions to the Recommended Decision. The Company also reiterates its position that the General Assembly contemplated the application of rate-class bill credits. Public Service further states that subparagraph 3665(c)(I)(B) as adopted by Decision No. C11-0991 will be very expensive to administer and would cause a delay “well into late 2012” in the implementation of its CSG program.

13. Public Service suggests that it is administratively simpler and more feasible to apply per kWh credits based upon the average load factor of each rate class when those rates include a demand charge. Public Service argues that there is no reason that customers on the same rate schedule should receive different billing credits as a result of their CSG subscriptions.

14. We fully considered Public Service’s position when addressing its exceptions to Decision No. R11-0784. We disagree with the Company that billing credits based on class-average demand charges are the proper implementation of § 40-2-127(5)(b)(II), C.R.S. We therefore deny Public Service’s RRR on this point.

15. Contrary to Public Service's concern about a delay, nothing in the Commission's rules precludes the utility from submitting an application for a pilot CSG project in order to meet the legislative intent of beginning the program in 2011.

D. Changes in Rates for CSG Subscribers

16. Public Service asks the Commission to reconsider the provision in subparagraph 3665(c)(II) that restricts the utility from changing the charges assessed to CSG subscribers to no more than once annually. Public Service contends that these CSG charges should be updated upon the completion of a rate case and not only when the Commission takes up a RES compliance plan. Moreover, the Company argues that certain costs to be recovered from CSG subscribers will also be a function of its adjustment clauses that change more frequently than annually.

17. Although we agree with Public Service that the appropriate time for the “energy delivery” component of the CSG charge to be established is a base rate proceeding, we are concerned that Public Service is envisioning a CSG charge that could change as frequently as some of its rate riders. We conclude that the rule adopted by the Commission in Decision No. C11-0991 strikes the right balance—fixed charges that change no more frequently than annually.

II. ORDER

A. The Commission Orders That:

1. The Application for Rehearing, Reargument, and Reconsideration of Decision No. C11-0991 filed by Public Service Company of Colorado (Public Service) on October 4, 2011 is granted, in part, and denied, in part, consistent with the discussion above.

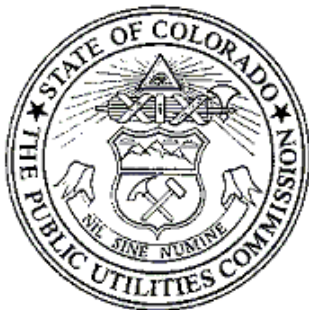
2. The Commission adopts the rules contained in Attachment A to this Decision thereby modifying 4 *Code of Colorado Regulations* 723-3, Rules Regulating Electric Utilities, consistent with the discussion above.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration, begins on the first day following the effective date of this Order.

4. This Order is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 20, 2011.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

JAMES K. TARPEY

MATT BAKER

Commissioners