



Salt River Project Board of Directors

1500 N. Mill Ave

Tempe, AZ 85288

Via electronic mail to: corporatesecretary@srpnet.com
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February 19, 2025

Re: 2024–25 SRP Public Pricing Process

Dear Directors,

Vote Solar submits these comments to the Board related to Management’s proposed adjustments to rates. Vote Solar is an independent 501(c)(3) non-profit organization working to repower the U.S. with clean energy by making solar power more affordable and accessible through effective policy advocacy. Vote Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants, in order to realize a 100% clean energy transition that puts the interests, health and well-being of people at its center. Vote Solar has over 90,000 members nationally, including over 5,600 in Arizona. Vote Solar’s members include individual customers of SRP who own and plan to own distributed solar generating systems.

As Vote Solar presented during the February 6 Board meeting, Vote Solar sees several areas of alignment with Management’s proposal as well as several necessary changes to the proposal. As to areas of alignment, Vote Solar agrees with the proposal to eliminate higher – and in Vote Solar’s view, discriminatory – fixed monthly service charges imposed on solar customers compared to customers without solar. Vote Solar also agrees that price plans E-16 and E-28 should be open to all residential customers, whether they have solar or not. We agree that the costs for a second meter, which is required by SRP for solar customers but is not necessary for providing them service, should not be allocated to solar customers in the Cost Allocation Study (CAS). We agree that time of use rates should send price signals to conserve during high-cost periods and that credits for solar customer exports should reflect the full avoided cost value of the electricity.

Vote Solar asks the Board to make the following changes to Management’s proposal, which are discussed more fully below:

- Do not increase the fixed monthly service charge above the current \$20 for the typical residential customer (including solar and non-solar) and consider reducing it to a level no higher than basic customer costs of metering, billing, and service connection.
- Ensure that the price for exports from solar customers and qualifying facilities under the QF-24 tariff equals full avoided cost, including SRP’s own generation costs and bilateral contracts whenever higher than the CAISO energy market price.

- Permit solar customers to take service under all price plans available to non-solar customers, including E-23 and EZ-3 (until the latter closes in 2029).
- Make several changes to remove anti-solar biases from the Cost Allocation Study (“CAS”). First, remove the asymmetrical treatment of customer exports in the CAS by ensuring that all cost allocations are allocated on net load (deliveries reduced by exports) just as revenue calculations are net of export credits. Second, remove the disproportionate allocation of customer service costs to solar customers. Third, when comparing level of cost recovery for the solar customer subclass, compare solar customers to otherwise similar non-solar customers, such as non-solar customers with similar kilowatt-hour consumption and load factors.
- Reduce the E-16 on-peak period to three hours and align it with the E-28 on-peak window.
- Delay implementation of new price plans until a bill comparison tool is available to customers.
- Initiate a stakeholder process to inform the development of a Virtual Power Plant program for customer-sited energy storage.

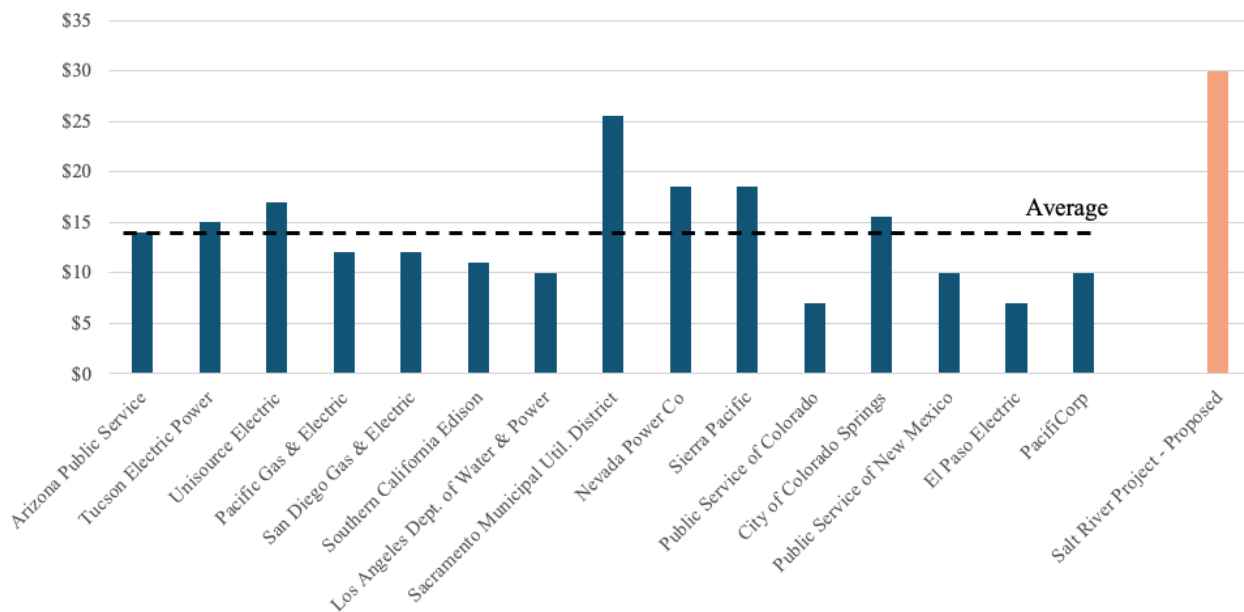
Discussion

1) Monthly Service Charge

Management proposes a tiered monthly service charge of \$20 for multi-family homes, \$30 for single-family homes, and \$40 for large homes. A monthly service charge is also commonly known as a “fixed” charge because it is imposed on every customer, each month, regardless of how much electricity the customer consumes. Because the monthly service charge is fixed, it cannot be avoided or lowered by energy efficiency. A higher monthly service charge also raises utility costs for low-use customers, who are disproportionately low-income customers. Thus, fixed charges are overwhelmingly opposed by consumer advocates and regulatory commissioners.

The proposed \$30 monthly service charge for a typical family is neither gradual nor proportionate. It reflects an increase of 50% from the current charge, and it far exceeds market norms. As illustrated in Figure 1, a survey of utilities in Arizona and neighboring states shows that the maximum monthly service charge for residential customers is \$25, with an average of \$14. SRP’s proposed charge for single-family homes is more than double the average of other utilities – including the utilities that Management itself selected as relevant for comparing to SRP’s rates.

Figure 1. Comparison of Utility Fixed Monthly Service Charge for a Typical Residential Customer.



The decision to collect a larger portion of revenue through a high fixed charge results in lower volumetric energy rates, weakening price incentives for energy conservation. A high fixed charge limits families’ ability to reduce their monthly utility costs by conserving energy or investing in energy-saving technologies. Ultimately, this drives up costs for all customers because the utility must build new generation resources and infrastructure that could have been avoided or deferred by encouraging families to invest in energy efficiency and conservation instead. Of particular concern is the disproportionate impact on low-income households, who typically have lower energy usage and yet face higher energy burdens.

It has long been the practice of SRP, like most utilities, to utilize volumetric pricing to “incentivize reduced energy consumption” or “prudent energy consumption.” Promoting conservation is a “feature of the [volumetric pricing] system rather than a bug.”¹ Commissions around the country have repeatedly rejected high fixed charges because doing so undermines “customer inclination to save energy” and negatively impacts “lower-income and fixed-income customers.”² Many utilities limit costs collected through fixed charges to the “basic customer costs” that vary with the number of customers on the system (including metering, billing, and service connection) in order to promote conservation and efficiency.³

¹ *In re Westar Energy, Inc.*, 460 P.3d 821, 822–23 (Kan. 2020)

² Kansas Corporation Commission, Docket No. 08-GIMX-441-GIV Final Order ¶¶ 67, 76

³ See e.g., *In re DTE Elec. Co.*, No. U-20162, 2019 WL 2028379, at *83 (May 2, 2019) (“monthly customer charge for residential and commercial secondary customers should only recoup those costs directly linked to the customer’s mere existence (i.e., costs to connect the customer to the system)”); *In re Pac. Gas and Elec. Co.*, No. 16-06-013, Decision D.17-09-035 at 2, 33 (Cal.P.U.C. Sept. 28, 2017) (fixed charge should be limited to costs for account set-

The experience in Kansas is especially relevant here. In 2020, the Kansas Supreme Court reversed and remanded a commission-approved rate design specific to solar customers.⁴ On remand, the utility proposed a grid access charge and, in the alternative, a \$35 per month minimum bill for all residential customers.⁵ A minimum bill is a fixed charge that only applies to customers if their bill is less than the minimum bill amount. A minimum bill is more favorable than a fixed charge because it preserves the incentive for moderate- or high-usage customers to conserve energy, but effectively operates like a fixed charge for low-use customers whose energy consumption would produce a bill lower than the minimum bill. Recognizing the impact that such rates have on low-income customers, the Kansas utility proposed to exempt low-income customers from the minimum bill.⁶ Even so, the commission rejected a \$35 minimum bill as “overly regressive” by “disproportionately hurt[ing] low-income customers” and because it “sends undesirable price signals” discouraging conservation.⁷

While the proposed \$30/month fixed charge is too high, Management’s proposal does have one positive feature: it eliminates the disparate treatment of solar customers by imposing the same monthly fixed charges for all residential customers regardless of whether they have solar. Equal treatment of customers with and without solar is required by law and appropriate. However, a \$30 fixed charge is too high for all residential customers. Therefore, we strongly recommend that SRP follows the path of other commissions and limits the monthly service charge for all customers (solar and non-solar) to the existing \$20 for a typical single-family home. While still higher than most other utilities in the region, it is closer and better aligns with SRP’s sustainability goals while maintaining operational sustainability.

2) Definition of On-Peak

Vote Solar supports Management’s efforts to develop time-of-use rates that send price signals encouraging customers to limit their electricity consumption during times when utility costs are highest. If customers respond to the price signal, it produces a win-win: bills are reduced for customers who shift usage to lower-cost hours and SRP’s costs are reduced. However, for price signals to work, they must be actionable. Research demonstrates that shorter on-peak windows are more effective at driving energy savings because customers find them to be more manageable and actionable. The five hour on-peak window for price plan E-16 is too long

up, metering services, billing and payment, all meter capital costs, and minimum observed costs for service drop and final line transformer); *In re Union Elec. Co.*, 320 P.U.R.4th 330 (Apr. 29, 2015) (limiting fixed charge to basic customer costs because “customers should have as much control over the amount of their bills as possible so that they can reduce their monthly expenses by using less power, either for economic reasons or because of a general desire to conserve energy”).

⁴ Westar, *supra*.

⁵ *In re Westar Energy*, Docket No. 18-WSEE-328-RTS, Order ¶ 19 (Feb. 25, 2021).

⁶ *Id.* para. 53.

⁷ *Id.* para. 54-55, 59.

for many customers to manage around and will not be effective at driving energy conservation. For maximum impact and consistency, the Board should reduce the E-16 on-peak period to three hours and align it with the E-28 on-peak window. This streamlined approach would not only enhance customer participation, but also deliver more substantial energy and cost savings.

3) Price Plan Suite

Management proposes consolidating SRP's current ten residential price plans (including four solar-specific plans) into four options: E-16, E-23, E-24, and E-28. Two of these plans are new, and E-23 is a continuation of the current two-part flat rate with some adjustments. Under Management's proposal, non-solar customers would have access to any of those plans. Non-legacy solar customers would be limited to E-16 or E-28, while legacy solar customers could access E-23 (the Basic Price Plan). Existing price plans would be frozen to new customers (including customers switching between plans) and sunset by November 2029, when customers remaining on a frozen price plan would be moved to one of the four remaining plans.

We have two concerns with this transition plan. First, only solar customers will be required to take service on a TOU price plan. We support encouraging all residential customers to take service on a TOU price plan. However, if SRP elects to allow some residential customers to take service on a flat two-part rate (E-23), it must permit solar customers to do so as well. Disparate treatment of solar and non-solar customers is unlawfully discriminatory. Second, Management proposes moving solar customers on price plans E-15 and E-27 to price plan E-16. While we recognize Management's intent to move customers onto a price plan that is structured similarly to their old plan, this would eliminate net metering of exported energy and instead provide an export credit of 3.4 cents per kilowatt-hour. (The 3.4 cents is based on a purported "avoided cost" of energy. We disagree with the determination of this avoided cost value, which is addressed separately below). The dramatic reduction in bill savings from net metering to an avoided cost based export credit will surprise many customers. We expect that over time many customers may elect to install battery storage to manage the reduced value of exported electricity. To avoid surprises, the Board should provide a gradual step-down from the net metering credit to the final avoided cost based export rate. To ensure that customers make the decision to transition to a price plan that is in their best interest and install energy storage where appropriate, we encourage SRP to offer a bill comparison tool that helps customers understand which of the new price plans will result in their lowest costs and how battery storage would affect their bills. To the extent a bill comparison tool is not available when the new rates are in effect, the Board should start the gradual step down in export credits only after the tool is available to customers.

4) Cost Allocation

The current Cost Allocation Study (CAS) methodology significantly undervalues the contributions of distributed solar customers, creating an artificially inflated revenue deficiency for solar price plans. While Management's proposal will make most price plans available to solar and non-solar customers alike by using a common revenue requirement, rather than imposing different rates on solar and non-solar customers based on the CAS, we do not want to leave the incorrectly stated under-collection of costs from solar customers unaddressed. Management's calculation of solar customer cost recovery suffers several methodological problems that bias the analysis against solar customers.

A primary concern is that the CAS treats solar customer exports inconsistently. The primary purpose of the CAS is to allocate shared system costs to each customer class, calculate the revenue produced by each customer class, and compare the costs and revenues to ensure that each customer class is contributing to pay for shared system costs in an equitable manner. The CAS accounts for the cost of the export credit provided to solar customers as a reduction in revenues. That is, each kilowatt-hour a solar customer exports is reflected in the analysis as a revenue reduction based on the export credits to solar customers for the electricity they supply to SRP. However, not all cost allocations are reduced by exported electricity. While most categories of costs are allocated to customers with solar based on their net load (which equals deliveries minus exports), certain cost categories are allocated on delivered load. As a matter of simple math, the choice to allow exported electricity to fully reduce revenues but only partially reduce cost allocations produces an apparent revenue deficiency as a direct result of a policy choice alone. Additionally, the CAS allocates a disproportionate amount of customer service costs to solar customers. The customer service cost category includes services that all customers use and benefit from, such as the customer support call center, the blue stake program, and community events. Without a demonstration of specific additional customer service costs from solar customers, these costs should be smoothed across all customers.

A corrected analysis demonstrates that when customer service costs are smoothed and generation and ancillary services are allocated based on net load, the apparent revenue deficiency from solar customers is reduced to -3.4% on average, and solar price plan E-14 results in a positive return equal to the average residential return.

Another concern is Management's decision to compare the percentage of cost recovery from the solar customers – a subclass historically disfavored by Management – to the large and heterogeneous residential class as a whole. Doing so incorrectly implies that any difference between the two categories is due to customers having solar, rather than other attributes. It also incorrectly implies – by omission – that no other sub-group within the broad residential class produces similar or lower cost recovery than solar customers.

To the extent that solar customers under-collect their cost of service compared to the large residential class as a whole, it is because they are low use customers. The nature of volumetric rates is that all customers who use less electricity contribute less towards certain short-term-fixed costs of service compared to customers who use more energy.⁸ From the limited perspective of a single test year, all low-usage customers will under-collect their costs by more than the class average. Solar customers have lower consumption, on average, than the larger residential and non-solar subgroup on average. But many non-solar residential customers have lower than average usage and also produce lower cost recovery than the residential class average. If Management had compared solar customers to non-solar customers with similar billing determinants (such as kilowatt-hour usage and load factor), solar customers would not under-collect their cost relative to comparable customers without solar.

Management did not produce load data for individual customers in response to our request, therefore were not able to produce a comparison between solar customers and other low-usage customers without solar. However, information about customer load factors provided by SRP during the last pricing proceeding and an analysis completed by Vote Solar using APS customer data as part of their recent rate case shows that the average solar customer has a lower load factor (meaning they use less electricity relative to their peak usage) than the average residential customer. It also shows that, given the relatively small number of solar customers in SRP territory – less than 5% – there are many more residential customers without solar with a load factor below that of the average solar customer than there are total solar customers. A comparison of solar customers to non-solar customers with similar kilowatt-hour billing determinants would show that (1) solar customers collect more of their costs than non-solar customers with similar consumption and (2) the number of non-solar customers who under collect their costs by a greater degree than solar customers exceeds the total number of solar customers.

Finally, we agree with the decision to allocate the cost of generation meters across all customers. SRP requires customers with solar to install generation meters, but these meters are not required for solar installations to function safely and provide no value to the solar customer. Generation meters are used for system-wide purposes and so we agree with Management's decision to smooth the cost of generation meters across all customers.

In the future, we recommend that SRP conduct a CAS that includes residential customers with solar as part of the residential class. Should Management wish to evaluate the contribution to revenue of sub-groups on a more granular basis, we recommend defining sub-groups based on

⁸While this is true in the short run, it is not true in the mid- to long-run. Low-use customers put downward pressure on rates because they contribute less to the need for new energy resources and infrastructure.

common features such as electricity usage or load factor, rather than singling out customer sub-groups based on a specific technology or behavior.

5) Solar Export Rate

The proposed solar export rate is based on a 3-year average of prices from the CAISO External Load Aggregation Point (ELAP). We do not agree that CAISO market prices are a reasonable proxy for the avoided cost value of exported solar energy.

Exports from solar energy displace marginal energy, which is to say the next most expensive kilowatt-hour that SRP would have paid for were it not for solar exports. Exports from solar customers may allow a utility to avoid more expensive market purchases, but may also allow a utility to reduce output from a more expensive generation resource or purchases from bilateral contracts

Vote Solar requested marginal cost data from Management, including contracts and pricing for individual resources. However, Management asserted confidentiality and refused to produce the responsive information. The data that were provided were not sufficient or granular enough to specifically determine whether SRP's marginal costs exceed the CAISO ELAP price. But, based on the information provided, it appears that the marginal cost of SRP's own resources exceed the market value of energy as determined by CAISO ELAP prices. For example, the cost to ratepayers of generation from the Four Corners coal plant during FY2026 is \$78.07/MWh and the cost of fuel, alone, for Four Corners is \$43.52/MWh. Excluding peaking gas plants that operate infrequently, the cost to ratepayers of SRP's other generating resources ranges from \$33.83 (Palo Verde) to \$76.30 (Coronado) per MWh, and the fuel costs alone range from \$6.65 (Palo Verde) to \$34.81 (Coronado) per MWh. Additionally, as noted below, cost data provided by Management pursuant to 18 C.F.R. 292.302(b)(3) range from \$0.006 to \$0.102/kWh for planned resource additions. The marginal cost of energy under both sets of costs appears to exceed the CAISO market price. Therefore, it does not appear that the CAISO price reflects SRP's actual marginal costs.⁹

6) Customer Certainty

We agree with the principles SRP Management espouses in the price proposal, in particular the commitment to gradualism and smoothing the impact of cost movements on customers. To further this goal, we recommend SRP allow new customers who install solar to lock-in the export rate value applicable when they interconnect their system for at least 10 years.

⁹ The pricing from bilateral contracts must also be included in calculating SRP's marginal costs. The pricing from power purchase contracts was not made available to us in this pricing process.

SRP proposes that the solar export rate, which is currently a fixed value, be updated on an annual basis. A rate that updates annually presents serious challenges for customers who are trying to estimate the long-term financial impacts of installing solar and evaluate whether an investment in solar panels makes sense for their family. Many states – including other utilities in Arizona – allow customers to lock-in the export rate current at the time of their installation for a period of 10 to 20 years. This puts distributed solar generation on more comparable footing with utilities and other power providers, who commonly recover the upfront cost of generation assets over long time periods or through a long-term Power Purchase Agreement.

7) Energy Storage

As customer adoption of distributed storage has grown, an increasing number of utilities have developed “Virtual Power Plant” programs to encourage customers to dispatch their batteries to provide power to the grid during high-cost hours. While higher volumetric pricing during on-peak periods sends customers with batteries a price signal to dispatch to meet the customer’s own needs during times when the electricity and grid services from their batteries are most valuable, Virtual Power Plant programs go one step further by allowing the utility to dispatch customer batteries to meet grid needs.

Other utilities have demonstrated successful pre-payment and pay-for-performance battery storage programs that provide customers with an incentive based on the amount of capacity they provide to the grid during utility-defined events. SRP’s neighbor, APS, recently proposed a battery storage program at the directive of the Arizona Corporation Commission, which currently awaits ACC approval.¹⁰ Incentive payments for storage services provided by customers’ behind the meter storage are equal to or less than the cost a utility would have otherwise incurred to obtain capacity, reducing costs for all customers.

The trends impacting the cost of power and the shift towards evening on-peak hours create a strong case for developing a performance-based incentive for battery storage dispatch. We recommend that SRP initiate a stakeholder process to inform the development of a Virtual Power Plant program for customer-sited energy storage.

8) Qualifying Facilities

Concurrent with the pricing process, management is also proposing to establish a “Standard Rate Plan for Qualifying Facilities under 18 C.F.R. 292.304(c)”—which it identifies

¹⁰ See ACC Docket No. E-01345A-22-0144, APS Application for Approval of New Bring-Your-Own-Device Battery Plan of Administration, August 30 2024. *Available at:* <https://docket.images.azcc.gov/E000037788.pdf?i=1736896107068>.

as “QF-24.”¹¹ This plan would be available to Qualifying Facilities (QFs) of 100 kW or less, including to customers with on-site solar generation instead of optional service under other price plans.¹² The price for electricity sold to SRP pursuant to the proposed QF-24 would be based on “the locational marginal price specified for the CAISO-administered Western Energy Imbalance Market Load Aggregation Point for SRP (“ELAP”).”¹³ While the Qualifying Facility can also earn a theoretical capacity value for electricity provided to SRP “during periods when SRP has identified a capacity need,” Management’s proposal asserts that the current value for capacity is “\$0” because “SRP has no capacity need for the next two years.”¹⁴

PURPA requires SRP to buy all power provided to it from QFs at a rate that does “[n]ot discriminate against” the QF.¹⁵ This requirement prohibits the utility from favoring its own generation over QFs by paying the QF less than the utility charges customers for its own generation. FERC rules currently provide “a rebuttable presumption that a state regulatory authority... may use a Locational Marginal Price as a rate” for energy.¹⁶ But that is only a presumption. FERC rejected an across-the-board *per se* use of LMPs as the value of QF energy because it “recognize[d] that an LMP selected by a state to set a purchasing utility’s avoided energy cost component might not always reflect a purchasing utility’s actual avoided energy costs.”¹⁷ Recognizing that utilities often incur supply costs that exceed the short-run market value of their generation in FERC-regulated markets, FERC only allowed rebuttable use of LMPs on the premise that state commissions would deny rate-regulated utilities recovery of costs greater than the LMP.¹⁸ Or, put another way, if a utility “buys or builds a power plant or enters a contract with any power supplier for purposes of serving utility customers, it must demonstrate that the cost of the resource’s energy and capacity are justified relative to” the same price and cost projections used to set QF rates.¹⁹

The record provided by Management is incomplete and unclear about whether the CAISO ELAP reflects SRP’s actual marginal cost of production from generating assets it owns and controls. Additionally, the CAISO ELAP value for energy and “\$0” value for capacity does not reflect the costs of SRP’s recent and planned capacity and energy resource additions.

¹¹ Proposed Adjustments to SRP’s Standard Electric Price Plans Effective with the November 2025 Billing Cycle (Amended and Restated) at 40 (Dec. 30, 2024).

¹² *Id.*

¹³ Proposed QF-24 at 2 (Jan. 29, 2025).

¹⁴ *Id.*

¹⁵ 18 C.F.R. § 292.304(a)(1)(ii).

¹⁶ *Id.* § 292.304(b)(6).

¹⁷ Order 872 P 152, 85 Fed. Reg. 54,638,54,659 (September 2, 2020).

¹⁸ Order 872 P 122, 85 Fed. Reg. at 54,656; Order 872-A n.212, 85 Fed. Reg. 86,673.

¹⁹ *In re NorthWestern Energy’s Application for Interim and Final Approval of Revised Tariff No. QF-1, Qualifying Facility Power Purchase*, Final Order ¶ 114, Docket No. D216.5.39, 2017 WL 3169003 (Mont.Pub.Serv.Comm’n, July 21, 2017).

Vote Solar attempted to obtain the information necessary to determine whether SRP incurs variable costs for its own generation, or generation it obtains through bilateral contracts, that exceed the CAISO ELAP value. Vote Solar asked Management to provide SRP’s hourly system lambda for the last three years. That calculation—if done correctly—should provide the marginal cost of energy, including whether production or acquisition costs exceed the CAISO ELAP value. However, Management responded that it “has determined that the requested data is confidential under Section 30-805(B) of the Arizona Revised Statutes.”²⁰ Additionally, Vote Solar asked Management whether “SRP has ever dispatched generation, or received energy pursuant to a bilateral agreement, at a cost to SRP that exceeds the simultaneous CAISO... ELAP price for that energy.” However, Management refused to answer, stating that the information “is beyond this scope of the price process and the QF-24 Standard Rate” and that “certain of the information responsive to this request is confidential” but that it would “provide record(s) of bilateral purchases and the corresponding hourly EIM ELAP price from April 1, 2020, to present within 30 days.”²¹ Vote Solar has not yet received the bilateral contract information.

Additionally, Management provided two sets of incomplete data that appear to confirm that SRP’s marginal costs exceed the CAISO ELAP prices. First, as described above, SRP’s own generating resources cost ratepayers—in revenue requirement divided by production—between \$33.83 and \$78.07/MWh. Fuel cost is only one component of marginal dispatch costs for energy, and the fuel cost alone for several generating plants appears to exceed the CAISO market price.

Second, Management provided the following data, illustrated in Figures 2 and 3, reflecting planned capacity additions, purchases, and retirements purportedly kept pursuant to 18 C.F.R. 292.302(b).

Figure 2. SRP Avoided Cost Tables 18 C.F.R. 292.302(b)

		18 CFR 292.302(b)(2)														
Fiscal Year	Calendar Year	Additions							Retirements							
		Solar & Storage	Standalone Storage	Nat. Gas	Wind	Solar	Nuclear	Biomass	Pumped Storage	Nat. Gas	Coal	Wind	Geothermal	Nuclear	Biomass	Solar
FY25	2024	300	340	395	161	200	40	-	-	-	-	-	-	-	-	-
FY26	2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY27	2026	200	250	288	-	55	-	-	-	-	(124)	-	-	-	-	(200)
FY28	2027	-	-	287	-	400	-	-	-	-	-	-	-	-	-	-
FY29	2028	480	400	-	-	384	-	-	-	-	(131)	-	-	-	-	-
FY30	2029	-	-	-	-	-	-	-	-	-	(119)	-	-	(40)	-	-
FY31	2030	-	-	-	-	-	-	-	-	-	-	(63)	-	-	-	-
FY32	2031	-	-	-	-	-	-	-	-	-	(150)	(64)	-	-	-	-
FY33	2032	-	-	-	-	-	-	-	-	(975)	(382)	-	-	-	-	-
FY34	2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19)
FY35	2034	-	-	-	-	-	-	-	-	-	-	-	(25)	-	(14)	-
FY36	2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

²⁰ Response to Public Comment #MI6924594.

²¹ Response to Earth Justice [sic] Fourth Request for Information # 23.

Figure 3. SRP Avoided Cost Tables 18 C.F.R. 292.302(b)(3).

18 CFR 292.302(b)(3)			
Fiscal Year	Resource Additions	\$/KW-M	Cents/KWh
FY25	Project 1	NA	2.8
FY25	Project 2	\$15.13	0.6
FY25	Project 3	NA	4.1
FY25	Project 4	\$11.92	0.6
FY25	Project 5	\$16.77	2.8
FY25	Project 6	NA	10.2
FY25	Project 7	\$13.30	8
FY25	Project 8	\$12.87	0.6
FY27	Project 9	\$12.75	2.6
FY27	Project 10	NA	3.3
FY27	Project 11	\$8.68	9.3
FY27	Project 12		4.6
FY27	Project 13	\$12.15	4.6
FY28	Project 14	\$15.72	0.7
FY28	Project 15	NA	3.3
FY29	Project 16	\$14.40	4.7
FY29	Project 17	\$11.91	2.9

The costs in Figures 2 and 3 also appear to confirm that the cost to SRP of new generation resources acquired in calendar year 2024, and additional resources SRP intends to acquire in calendar years 2026, 2027, and 2028, will have costs greater than the values reflected in QF-24. Specifically, the projected energy costs of a number of the projects to be added within fiscal year 2025 (Figure 3: Projects 3, 6, 7) as well as projects planned in later years (Figure 3: Projects 11, 12, 13, and 16) appear to have energy costs greater than the CAISO ELAP value for energy.

As to capacity, the fact that there are forecasted capacity additions in each of calendar years 2026, 2027, and 2028 conflicts with Management’s claim that the QF-24 capacity value “is currently calculated at zero, because at this time SRP does not have a capacity need.”²²

The Board must ensure that the rate for Qualifying Facilities is equal to the full avoided cost, which must be no lower than any self-generation or bilateral contract costs. Based on the information available, it appears that the CAISO ELAP and “\$0” capacity value proposed in the QF-24 plan are below full avoided costs.

²² SRP Response to Earth Justice [sic] Request for Information # 24.

Recommendations

As described above, Vote Solar requests that the Board to make the following changes to Management's proposals:

- Do not increase the monthly service (fixed) charges above the current \$20 for residential customers (including solar and non-solar) and consider reducing them to a level no higher than basic customer costs of metering, billing, and service connection.
- Ensure that the price for exports from solar customers and qualifying facilities under the QF-24 tariff are at full avoided cost, including SRP's own generation costs and bilateral contracts whenever higher than the CAISO energy market price.
- Permit solar customers to take service under all price plans available to non-solar customers, including E-23 and EZ-3 (until the latter closes in 2029).
- To remove anti-solar biases, make several changes to the CAS, including:
 - Remove the asymmetrical treatment of customer exports in the CAS by ensuring that all cost allocations are reduced by exports (allocated on net load) just as revenue calculations are net of all export credits;
 - Remove the disproportionate allocation of customer service costs to solar customers; and
 - When comparing solar customers' level of cost recovery, compare solar customers to otherwise similar non-solar customers, such as non-solar customers with similar kilowatt hour consumption and load factors.
- Reduce the E-16 on-peak period to three hours and align it with the E-28 on-peak window.
- Delay implementation of new price plans until a bill comparison tool is available to customers.
- Initiate a stakeholder process to inform the development of a Virtual Power Plant program for customer-sited energy storage.

Sincerely,



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