January 22, 2014

Seattle City Council Energy Committee
Kshama Sawant, Chair
Sally Clark, Vice Chair
Mike O'Brien, Member
Bruce Harrell, Alternate

re: Proposed City Light rate policy changes

1. Seattle City Light's proposed 50% increase in the basic charge, decrease in 1st tier rates by 38%, and small decrease in 2nd tier rates appears to be 'revenue neutral' for City Light customers.

2. However, this change will have a detrimental effect on net-metered solar electricity producers, costing the average net-metered customer about $900 over a seven year period.

3. The effect is even more pronounced for net-metered customers who heat their homes with electricity, getting credits all summer at the first tier rates, and then having to buy back that power at the second tier rates during the heating season.

4. My recommendation is that City Light comply with (RCW 80.60.030) and (SMC 21.49.082) by crediting net-metered customers in Kilowatt Hours, and not in dollars and cents.

5. City Light's accounting system will not accommodate compliance with the law, according to Chief Financial Officer Jeff Bishop.

Please see the attached pages for a more detailed explanation.

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WHOLE HOUSE ENERGY **SOLUTIONS**

PUGET SOUND SOLAR

January 22, 2014

Seattle City Council, Energy Committee
Kshama Sawant, Chair
Sally Clark, Vice Chair
Mike O'Brien, Member
Bruce Harrell, Alternate
PO Box 34025
Seattle, WA 98124-4025

re: Seattle City Net Metering Program, SMC 21.49.082

Dear Council Member Sawant and Energy Committee Members,

Customer-generation of solar energy has been encouraged by policy measures in Seattle for 14 years, and has grown exponentially in the last couple of years. This is good news, and Seattle City Light (SCL) has been a willing partner in this effort thus far, with one glaring exception.

As we move into 2014 this exception needs to be addressed by SCL if the program is to continue to be a success:

SCL has some proposed changes in its rate structure for residential customers that will hurt net-metered solar customer-generators unless SCL brings its practice into compliance with RCW 80.60.030, and SMC 21.49.082(D)(2), which states that –

> *If electricity generated by a net metering program customer and fed back to the Department exceeds the electricity supplied by the Department during a billing period, that net metering program customer shall be billed for all charges (including any minimum charges) applicable to that customer's rate schedule, and shall be credited for the excess kilowatt-hours generated and fed back to the Department. A kilowatt-hour credit shall appear on the bill for the following billing period, shall be applied only to reduce the metered amount of kilowatt-hours billed by the Department to that customer, and any unused credit shall be carried forward to the next bill.*

SCL's net metering practice has never been in compliance with this code section (mandated by RCW 80.60.030) and instead, credits net-metered customers in dollars as computed by the tiered rate structure. The problem is that overproduction by customers during the summer causes the credit to be computed in the first rate tier, and if those customers then draw on those credits later in the year,

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they will typically be billed primarily at the second tier rate, essentially selling at a 'wholesale' rate and buying back at a 'retail' rate. This discrepancy was brought to the attention of SCL some time ago, but no change has been forthcoming. I attended the SCL Review Panel meeting on 11/22/13 as a citizen and customer-generator and brought this up again in the context of SCL's proposal to raise the basic charge by 50% and lower the first tier rate by 38% for residential customers. I saw some raised eyebrows and was approached after the meeting by Jeff Bishop, SCL's CFO. Jeff informed me that SCL's accounting system will not allow SMC 21.49.082 to be implemented as written, and that discussion of this problem was ongoing.

What needs to be done to address this problem and bring our net metering program into compliance with our own law? My concern, and that of other solar energy installers and their many Seattle customers, is that the rate structure will change but this fundamental problem will remain. Seattle residential solar generators have already lost thousands of dollars to this discrepancy. I hope to encourage a dialog between the Council and SCL, if that is needed, to the end that this accounting problem can be addressed once and for all.

Thank you for your attention to this matter; I am available to provide any additional information that the Council may need.

Sincerely Yours,

Jeremy Smithson
CEO, Puget Sound Solar LLC
President, Solar Installers of Washington

cc: Jeff Bishop
Jack Brautigam
Solar Installers of Washington

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the Energy Project

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January 25, 2014

Sephir Hamilton, Chief of Staff
Maura Brueger, Director Government/Legislative Affairs
Seattle City Light
P.O. Box 34023
Seattle, WA 98124-4023

Dear Sephir and Maura,

On behalf of Centerstone, The Multi-Service Center, and The Energy Project we thank you again for your time discussing Seattle City Light low-income energy issues on January 7th. This letter is intended to reiterate our positions and concerns expressed in the meeting as they relate to our mutual low-income customers and clients. We recognize that the SCL staff are trying to align revenue collection with the cost to serve each customer. We believe we have an understanding of your goals, path, and rationale regarding the proposed rate design changes and also outreach strategies and goals for the SCL low-income discount rate. We emphasize again the desire to have Centerstone and MSC as strong partners in the planning and implementation phases of programs that impact low-income households.

To reiterate our key points and concerns:

THE SCL RATE DISCOUNT PROGRAM

- *SCL should enroll more customers at a faster rate.* According to the review panel materials presented that you provided to us, there are currently 13,500 low -income customers who participate in the SCL rate discount program. SCL has a proposed goal of serving up to 28,500 low-income customers within the next six years. Given that close to 100,000 customers might be eligible for the existing SCL guidelines (at 70% of State Median income) and that we feel there should be a goal of a much higher penetration rate, we would like to see a much more aggressive target for households enrolled.
- *SCL should be enrolling customers at lower income levels, especially those at 125% of the federal poverty level (FPL) or below.* The SCL program is open to customers with incomes up to 70% State Median Income, roughly twice the income threshold used by the federal Low Income Home Energy Assistance Program (LIHEAP). While the City Light intention is commendable, since not all eligible customers can be served, a much greater effort and concentration of funds should be focused on the customers at much lower income levels who are not getting help. We estimate there are about 50,000 households whose incomes are at or below 100% FPL.
- *We recommend applying the rate discount to those living in subsidized housing.* There are about 5-6,000 households in that category. This would be consistent with the federally-funded Low Income Home Energy Assistance Program administered in City Light's territory by Centerstone and MSC and would allow SCL to quickly

increase the numbers of households at lower income levels.

- *SCL should reconsider their intention to reduce the discount from 60% to 50%.* We understand the attractiveness of having funds to reach more households. We suggested keeping the 60% rate discount for those customers at or below 125% FPL (roughly half SCL's existing standard) and a lower discount amount for those with the higher incomes. Snohomish PUD and Pacific Power are examples to two successful tiered discounts that operate in Washington. Such a structure would allow SCL dollars to go further in serving more of the lowest income households. We are very concerned that the great majority of those currently receiving a low-income discount are above the 125% federal poverty levels. A "one-size-fits-all" discount level, combined with serving many households above 125% FPL threshold, means there is far less funding to serve those most in need.

THE SCL PROPOSED RATE DESIGN CHANGES

- We expressed concern about the small sample size used to come to the SCL conclusion that low-income households are overall high energy users when compared to other households. We do applaud a targeting outreach and weatherization effort for those low-income that really are high users.
- The April 30 materials supplied to the review panel suggests a decrease in payments from the highest energy users while increasing those at lower brackets. As we don't feel there is enough data to warrant the conclusion that most low-income households are high energy users we feel that a greater sample size is required. We find it disconcerting that SCL would forgo millions in revenues from thousands customers who are not low income in two highest usage brackets while increasing costs for many more low-income customers in lower usage brackets. High use low-income customers should be targeted with energy efficiency services, not a minimal percentage decrease in rates. We are concerned the proposed rate structure sends an anti-conservation message to those who are likely to have the most room to conserve.
- The SCL rate proposal looks like a doubling of the base charge from what is currently the case. We would like to keep the existing base charge for low-income households.

The Energy Project, MSC, and Centerstone look forward to continuing to work with you on this matter.

Respectfully submitted,

Chuck Eberdt

cc: Andrea Caupain, Chief Executive Officer, Centerstone
Robin Corak, Chief Executive Officer, Multi-Service Center
Kshama Sawant, Chair, Seattle City Council Energy Committee
Sally Clark, Vice-Chair, Seattle City Council Energy Committee
Mike O'Brien, Member, Seattle City Council Energy Committee
Bruce A. Harrell, Member, Seattle City Council Energy Committee

SCL_CLRPquestions

From: Grace Reamer <gvreamer@aol.com>
Sent: Monday, February 03, 2014 12:58 PM
To: SCL_CLRPquestions
Subject: Time of day pricing

To SCL rate review committee,

As you review the electrical rate structure, please keep in mind how rates can provide incentives for more efficient use of energy as well as increased green energy production.

1. Time-of-day pricing would provide a big incentive for the adoption of electric vehicles, if they can be charged at night for a lower cost when demand on the grid is low. This also could help even out grid demand throughout the day and night.

2. In addition, residential solar producers should get a higher production credit during the day when electric rates are higher. That would be a big incentive for more homeowners to install solar production equipment, which in turn would provide SCL with more green energy when it is needed during daytime hours.

As the owner of an electric vehicle as well as a 4.5kW solar array, I have experienced first-hand over the past two years how well the technologies work together. The most important thing we can do to improve and protect the environment and prevent climate change is to migrate to electric transportation and clean energy production. I expect SCL to remain an international leader of that mission.

Thanks, and please let me know if you have any questions.

Sincerely,

Grace Reamer
803 24th Ave. S.
Seattle
gvreamer@aol.com

SCL_CLRPquestions

From: Lynn Rowland <lynrow@gmail.com>
Sent: Monday, February 03, 2014 2:16 PM
To: SCL_CLRPquestions
Subject: Meter

I live in an apartment complex that have no individual water/sewer meters. I am a conservative water user but not rewarded by lower bills. Hence, I pay for others water and sewer. The new technology would be great if it were capable of changing this in a cost affective way. The owner would need something to entice them to upgrade the property without increasing my rent.
Is this possible?

SCL_CLRPquestions

From: Phil Email <humpfilm2010@gmail.com>
Sent: Tuesday, February 04, 2014 8:30 AM
To: SCL_CLRPquestions
Subject: rate structures suggestion

Hi Folks - Any energy assistance should be decided based not only on income, but also ASSETS. If grandma has only $20,000 a year in income, but lives in a $500,000 house, she should not get any income assistance. She can take out a 2nd mortgage on her home, get a reverse mortgage, etc.

If she does get help, pass legislation that imposes a lien on her house, so that when she dies/moves, we are repaid with interest. We have to stop all the goodies that are showered on folks - we can't afford it.

I further oppose pensions. I don't have one. Convert all employees to matching 401k plans - it's what all of us have in the private sector.

Sincerely,

Hal I. Tozis
Seattle (Madrona)