

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES AND TELECOMMUNICATIONS COMMITTEE H.B. 2465

Testimony on Behalf of the Citizens' Utility Ratepayer Board

By David Springe, Consumer Counsel

February 12, 2014

Chairman Seiwert and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2465. The Citizens' Utility Ratepayer Board (CURB) is opposed to this bill at this time.

As a general statement, CURB is interested in learning more about customer level renewable generation and other forms of distributed generation. CURB believes that empowering customers to install distributed generation may help lower bills over time. CURB is also concerned about defining the appropriate level of compensation for distributed generation customers in a way that minimizes the cost to customers that do not have access to distributed generation. These are challenging questions that CURB believes are worthy of additional study to get a clear picture of the costs and benefits of the various forms of distributed generation.

As drafted, H.B. 2465 applies only to tax exempt entities, and allows a renewable energy facility to be sized at 200 percent of the tax exempt entity's baseline annual usage over the past three years (p. 1, ln 25). CURB believes this is far larger than necessary and questions what evidence suggests 200 percent of baseline annual usage is appropriate. The bill also puts restrictions around the level of compensation paid to the tax exempt entity. Compensation for energy supplied to the utility by the tax exempt entity shall not be less than 150% of the utility's monthly system average cost of energy per kilowatt hour (p2, ln 20). The utility is also precluded from charging the tax exempt entity more than twice the state corporation commission approved customer service charge in any month as a provisional charge for being able to supply the entity's electric load (p. 2, ln25). CURB believes that compensation for excess generation and the rates a utility is allowed to charge for backup power should be evidence based and uniform for all customers. There is no evidence to suggest that the compensation and rate provisions set forth in this bill are appropriate.

To the extent that there are unanswered questions about allowing certain defined groups (tax exempt entities in this instance) to have special status under H.B. 2465 and what the ultimate impact of that special status may be on other customers due to any loss of load at the utility or compensation levels set forth in the bill, CURB cannot support this bill at this time.

CURB urges the Committee to not pass H.B. 2465 as drafted at this time.