



JOSÉ RODRÍGUEZ

STATE SENATOR

SENATE DISTRICT 29

EL PASO, CULBERSON, HUDSPETH, PRESIDIO & JEFF DAVIS COUNTIES

November 18, 2015

The Honorable Oscar Leiser
The Honorable Peter Svarzbein
The Honorable Larry E. Romero
The Honorable Emma Acosta
The Honorable Carl L. Robinson
The Honorable Dr. Michiel Noe
The Honorable Claudia Ordaz
The Honorable Lily Limón
The Honorable Cortney Niland

City of El Paso
300 N. Campbell
El Paso, Texas 79950

VIA U.S.P.S. & ELECTRONIC MAIL

RE: Application of El Paso Electric Co. to change rates, Public Utility Commission of Texas
docket no. 44941

Dear Mayor and Council Members:

I write to formally protest El Paso Electric Company's (EPE) proposal to create a new rate category that unfairly targets residential solar customers. I respectfully request that the City of El Paso oppose this proposed rate regime, as it is very likely to disincentivize the growth of solar technology in EPE's Texas service territory.

As you are likely aware, EPE's application to increase its Texas jurisdiction base rates includes the proposed creation of a new "partial requirements" class, so called because it would be comprised solely of residential customers who have installed solar generation systems intended to reduce their reliance on EPE for energy demands.

EPE's proposal would create an enormous disparity between what solar customers pay on their electric bills when compared to other non-solar residential customers. As reported by EPE, the typical percentage increase for customers in this new class will be 23.56 percent more per month, which is more than double the percentage increase for a typical non-solar residential customer.

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I am advised, however, that this projected percentage increase may in fact underestimate the actual increase on a solar customer's monthly bill, in large part because, in addition to charging such customers a higher customer charge, EPE would also apply a new demand charge only on solar customers. Under the proposal, EPE would stop charging solar customers for the net-metered amount of electricity they actually consume in a month. Instead, the utility would charge these customers a new monthly demand charge based on when each individual customer uses EPE's grid most that month. For nearly all solar customers, this will, of course, be at times when the sun isn't shining and customers are least able to offset their energy demand.

In other words, rather than charging solar customers for the energy they actually use, EPE wants to instead charge them a higher rate calculated based on the time of day solar customers are least likely to be using their solar generation technology.

Further, I suspect many customers would be hard pressed to predict how much their monthly bill will be impacted if moved into a partial requirements class, largely because it's unlikely any one customer will even know what her contribution to EPE's peak demand is today. In fact, it's not clear to me that even EPE could tell individual solar customers with certainty what impact this new regime would have on their bill; according to the utility's filings at the Public Utility Commission of Texas, it installed expensive, specialized interval data recorders, which may be used to collect demand data for residential customers, on only 36 residential homes — homes of the 36 residential solar customers EPE selected to use in a study to justify the creation of the new partial requirements class.

This proposal clearly undermines a major reason why solar customers have chosen to invest large sums of money on solar technology in the first place — the reliance that this technology will pay for itself via lowered monthly electric bills. Under this regime, it's not clear that customers could even make a certain cost-benefit analysis on whether it makes sense to install solar equipment.

I cannot agree with EPE's justification for this different treatment of residential solar customers. EPE arrives at the conclusion that these customers are not paying their fair share of the utility's costs to maintain the grid because, while they do contribute to the grid's peak demand at certain times (typically only if peak demand coincides with times when the sun is not shining), they can also offset that demand at other times. I can appreciate that EPE originally created a residential rate class with the expectation that it would recover a predictable amount of costs from each member of that class uniformly. I can also appreciate that when solar customers end up paying less on their bills because they can offset with onsite generation, EPE may be left with a deficit in its planned return on investment.

It is not true, however, that solar customers are being subsidized by or somehow shifting costs to non-solar residential customers, as EPE has claimed. As City Council well knows, rates are set through the rate-making process alone, and it cannot be argued that any non-solar residential customer is currently paying more on her energy bill because her neighbor has solar generation technology installed.

I cannot help but conclude that the proposed partial requirements class is in fact an effort by EPE to slow the pace at which solar generation technology for homeowners is growing. The population of residential solar customers in EPE's service territory is small, but rapidly expanding, increasing from a little more than 500 customers to nearly 800 just since the utility filed its rate case this past August. It's widely reported that the price of solar generation technology has already dropped significantly in recent years, so I have little doubt that more homeowners would choose solar.

For the reasons outlined above, I can see why this growth may alarm EPE. To be clear, I would not oppose charging solar customers in a different manner, provided that manner fairly and accurately accounted for a customer's actual cost to EPE while also taking into account the value these customers add. However, at present, I do not think it's appropriate to apply a steep demand charge, usually reserved for commercial actors, to a neighborhood home. This effectively punishes that customer for choosing to invest in solar. The point has been ably made by other advocates that residential solar customers are no more savvy, or even necessarily more variable in their energy demands, than any other customer concerned with lowering her energy bill by other methods, for example by using energy efficient appliances or by simply deactivating more appliances for longer intervals of times during the day.

I have long been an advocate for advancing public policy that incentivizes the growth of renewable sources of energy in Texas, including solar. To that end, I passed legislation in 2011 (S.B. 1910) that established solar net metering in EPE's Texas service area. Consistent with that history, I cannot now remain silent when the utility's current proposal may well undo the deliberate progress El Paso has made in truly realizing its potential as the "Sun City," a leader in solar energy for the rest of Texas.

I ask now that the City of El Paso, being the largest municipality with original jurisdiction over EPE's rates, oppose the proposed creation of a partial requirements class and demand that all residential customers are charged fairly. I ask also that, as this rate case proceeds over the next several months, the City carefully scrutinize any proposal that would unfairly prejudice any one class of customers.

I appreciate your thoughtful consideration of this matter.

Sincerely,

A handwritten signature in black ink that reads "José Rodríguez". The signature is written in a cursive style with a prominent flourish at the end.

José Rodríguez

CC:

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