

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: City Attorney

AGENDA DATE: 02/06/18
PUBLIC HEARING DATE: N/A

CONTACT PERSON NAME AND PHONE NUMBER: Sylvia Borunda Firth (915) 212-0033

DISTRICT(S) AFFECTED: All Districts

STRATEGIC GOAL: Goal 6 – Set the Standard for Sound Governance and Fiscal Management

SUBGOAL: 6.8- Support transparent and inclusive government

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? **OR AUTHORIZE** the City Manager to do what? **Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

Presentation regarding the new provision for Residential Distributed Generation Customers of El Paso Electric Company.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

Yes.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

El Paso Electric Company Residential Solar Rates

City Council Meeting February 6, 2018

Norman J. Gordon
David M. Mirazo
Mounce, Green, Myers, Safi,
Paxson & Galatzan, P.C.
El Paso, Texas

EPE Proposed Treatment

- EPE Proposed Separate Rate Class for Residential Solar Customers
 - All customers existing and new into rate class
 - Separate Rate structure
- Rate Structure would have different components
 - Increased Customer Charge
 - Required Demand Charge
 - Mandatory Time of Use energy Charges
- Effect on all residential solar customers
 - Average \$200 per year (SEIA witness Lucas)
 - Some increases as much as \$1,650 per year.

Details of EPE Proposal

No.	Item	<i>EPE As filed</i>	<i>Settlement</i>
1	Separate Rate Class	All Residential Solar Customers	No Separate Rate Class
2	Default Rate Customer Charge Usage Charge Usage Charge Minimum Charge	Rate 03 \$18.15 All on TOU and Demand	Rate 01 \$8.25 Grandfathered same as residential New Customers same as residential New Customers Minimum \$30.00
3	Demand Charge	All Residential Solar Customers Customer Charge \$18.15 \$6.20 per kW See TOU Rates Below	Option 3 for new customers No minimum charge Customer Charge \$9.75 \$3.16 per kW \$0.18908 on peak \$0.03391 off Peak
3	Time of Use Charges	All Residential Solar Customers Customer Charge \$18.15 \$0.31152 per kWh on peak \$0.03040 off peak	Option 2 for new customers Minimum Charge \$8.25 Customer Charge \$9.75 \$0.22950 on peak \$0.07433 off peak

Evidence in the Case

- EPE Proposal was opposed by
 - Solar Energy Industry Association(SEIA)
 - Environmental Defense Fund
 - ECO El Paso
 - Energy Freedom Coalition of America(Tesla Energy)
 - Office of Public Utility Counsel
 - Vincent Perez
 - Richard Schecter
 - City of El Paso
- EPE Proposal was supported by
 - EPE
 - PUC Staff

Rate Case Settlement

- Approved by Council on September 19, 2017
- Approved by PUC on December 17, 2017
 - Solar Issues resolved
 - Substantially reduced increase amount
 - Rate case expenses saved
 - EPE will not make another filing until 2019
 - Provisions to provide for refund with income tax rate reduction
 - Rate Element Increases reduced.
 - Residential Customer Charge (\$10.90 requested \$8.25 approved)

Solar Interested Parties Position on the Agreement

- Signed by
 - Solar Energy Industries Association
 - Energy Freedom Coalition of America
 - Office of Public Utility Counsel
 - Vince Perez
 - El Paso County
 - City of El Paso
- Not Opposed by
 - ECO ELP, Inc.
 - Environmental Defense Fund
 - Richard Schechter (pro se)
 - Dr. Marjaneh M. Fooladi
- No Party asked for Hearing

Settlement

- No Separate Rate Class
- Existing Customers(Applications accepted as of December 17, 2017)
 - No charges different from other Residential Customers
 - Net metering continues
 - Grandfathered for 20 years from the date of installation of the system.
- New Distributed Generation Customers
 - Still residential Class
 - Subject to residential rates
 - Net Metering applies and continues
 - \$30 minimum charge (subject to offset by net metering credit)
 - \$26.50 if Alternative Time of Use
 - No minimum if Experimental Demand Charge is selected
 - Application fee reduced from request (\$139/A\$85)

Bill Examples

(Not including surcharges)

Grandfathered Customers				New DG Customers			
		Net Energy Credit	DG Bill			Net Energy Credit	DG Bill
From EPE	100			From EPE	100		
Customer Generated	1,500			Customer Generated	1,500		
Net Energy	(1,400)	\$ (35.00)	\$ (26.70)	Net Energy	(1,400)	\$ (35.00)	\$ (4.83)
From EPE	600			From EPE	600		
Customer Generated	1,500			Customer Generated	1,500		
Net Energy	(900)	\$ (22.50)	\$ (14.20)	Net Energy	(900)	\$ (22.50)	\$ 7.67
From EPE	1,000			From EPE	1,000		
Customer Generated	1,000			Customer Generated	1,000		
Net Energy	-	\$ -	\$ 8.30	Net Energy	-	\$ -	\$ 30.17
From EPE	1,200			From EPE	1,200		
Customer Generated	1,000			Customer Generated	1,000		
Net Energy	200	\$ -	\$ 31.81	Net Energy	200	\$ -	\$ 35.81
From EPE	2,000			From EPE	2,000		
Customer Generated	1,000			Customer Generated	1,000		
Net Energy	1,000	\$ -	\$ 125.85	Net Energy	1,000	\$ -	\$ 125.85

Questions Raised

- Residents of Fort Bliss not subject to the rate (Fort Bliss is the Customer-not individual residents)
- Military Base Discount Recovery Factor
 - 20% discount to Fort Bliss on its base rates
 - Provided By State Law (Tex. Util. Code §36.354
 - Paid by all customers on a percentage basis—Currently .571% of base rate portion of bill. (average residential bill amount (\$0.40 per month)
- Customer Charge (now \$8.25 is part of the minimum)
- EPE does not sell solar panels or solar installations for individual customers
- City opposed the EPE plan as filed
- Settlement had a number of benefits to all customers:
 - Solar compromise accepted by all parties
 - Grandfathered provisions for existing residential solar customers
 - Increase amount reduced from \$42.5 million to \$14.5 million
 - Refund for income tax reduction provided and will be filed by Early March
 - Numerous rate component requests were compromised
 - City County rate class preserved

QUESTIONS?