

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.)))	Case No. 17-0032-EL-AIR
In the Matter of the application of Duke Energy Ohio, Inc., for Tariff Approval.))	Case No. 17-0033-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods.))	Case No. 17-0034-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Modify Rider PSR.)))	Case No. 17-0872-EL-RDR
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Amend Rider PSR.)))	Case No. 17-0873-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Approval to Change Accounting Methods.)))	Case No. 17-0874-EL-AAM
In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Establish a Standard Service Offer Pursuant to Section 4928.143, Revised Code, in the Form of an Electric Security Plan, Accounting Modifications and Tariffs for Generation Service.)))))))))	Case No. 17-1263-EL-SSO
In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Amend Its Certified Supplier Tariff, P.U.C.O. No. 20.))))	Case No. 17-1264-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc. for Authority to Defer Vegetation Management Costs.)))	Case No. 17-1265-EL-AAM

In the Matter of the Application of Duke)
Energy Ohio, Inc. to Establish Minimum)
Reliability Performance Standards) Case No. 16-1602-EL-ESS
Pursuant to Chapter 4901:1-10, Ohio)
Administrative Code.)

**DIRECT TESTIMONY
OF
WILSON GONZALEZ**

IN OPPOSITION TO THE JOINT STIPULATION AND RECOMMENDATION

On Behalf of
The Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215-4213

June 25, 2018

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EXHIBIT & ATTACHMENTS

Exhibit WG-1: List of Cases for Past Testimony

Attachment WG-1 Duke’s Response to OCC-INT 05-288-290, Duke Energy Ohio Net
Metering Installations as of August 2017

Attachment WG-2 Duke’s Response to OCC-INT-05-292

Attachment WG-3 Duke’s Response to OCC-INT-05-293

Attachment WG-4 Duke’s Response to OCC-INT-05-294

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On Behalf of the Office of the Ohio Consumers' Counsel
PUCO Case No. 17-0032-EL-AIR et al.*

1 **I. INTRODUCTION**

2

3 ***Q1. PLEASE STATE YOUR NAME, ADDRESS AND POSITION.***

4 ***A1.*** My name is Wilson Gonzalez. My business address is 450 Whitney Avenue,
5 Worthington, Ohio 43085. I am the President of Tree House Energy and
6 Economic Consulting, LLC. I am testifying in this proceeding on behalf of the
7 Office of the Ohio Consumers' Counsel ("OCC").

8

9 ***Q2. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND***
10 ***PROFESSIONAL EXPERIENCE.***

11 ***A2.*** I have a Bachelor of Arts degree in Economics from Yale University, and a
12 Master of Arts degree in Economics from the University of Massachusetts at
13 Amherst. I have also completed coursework and passed my comprehensive
14 exams towards a Ph.D. in Economics at the University of Massachusetts at
15 Amherst.

16

17 I have been employed in the energy industry since 1986. I was first employed by
18 the Connecticut Energy Office as a Senior Economist (1986-1992). Then I was
19 employed by Columbia Gas Distribution Companies ("Columbia Gas") as an
20 Integrated Resource Planning Coordinator (1992-1996). After that, I was
21 employed by American Electric Power Shared Services ("AEP") as a Marketing
22 Profitability Coordinator and Market Research Consultant (1996-2002). From
23 2004 to 2013, I managed the Resource Planning activities for OCC. Since 2011,

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1 Tree House Energy and Economics Consulting has provided consulting services
2 to consumer and environmental organizations.
3

4 ***Q3. WHAT HAS BEEN YOUR EXPERIENCE IN PUCO PROCEEDINGS***
5 ***REGARDING NET METERING?***

6 ***A3.*** I have been directly involved in net metering rulemaking cases (or cases where
7 net metering has been an issue) that have been filed before the Public Utilities
8 Commission of Ohio ("PUCO"). I filed testimony in the FirstEnergy Companies
9 Cases 07-551-EL-AIR and 10-1128-EL-CSS. I was the analytical team lead for
10 OCC in Case No. 05-1500-EL-COI and Case No. 12-2050-EL-ORD, where
11 numerous recommendations were filed and where net metering rules were
12 subsequently approved by the PUCO.
13

14 ***Q4. WHAT HAS BEEN YOUR EXPERIENCE IN OTHER REGULATORY***
15 ***PROCEEDINGS?***

16 ***A4.*** I have been involved with many aspects of electric utility regulation since 1986
17 including, but not limited to, rate design and integrated resource planning (with or
18 without transmission as a resource in the planning mix). While at the Connecticut
19 Energy Office, I was involved in one of the first demand-side management
20 ("DSM") collaborative processes in the country -- Connecticut Department of
21 Public Utility Control ("CDPUC") Docket No. 87-07-01. In that case, I analyzed
22 the performance and cost-effectiveness of many energy efficiency programs for
23 Connecticut's electric and gas utilities that led to demonstration projects, policy

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1 recommendations, DSM programs (including rate design recommendations) and
2 energy efficiency standards. I also performed all of the analytical modeling for
3 United Illuminating's first integrated resource plan filed before the CDPUC in
4 1990.

5

6 ***Q5. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE***
7 ***PUBLIC UTILITIES COMMISSION OF OHIO?***

8 ***A5.*** Yes. A list of my testimony before the PUCO is attached as Exhibit WG-1.

9

10 ***Q6. WHAT DOCUMENTS HAVE YOU REVIEWED IN THE PREPARATION OF***
11 ***YOUR NET METERING TESTIMONY?***

12 ***A6.*** I have reviewed the Direct Testimony of Duke Energy Ohio ("Duke" or the
13 "Utility") witness James E. Ziolkowski in this proceeding. I also reviewed Utility
14 responses to OCC's net-metering related discovery served in this case. Finally, I
15 have reviewed Section 11 concerning net-metering in the Settlement filed by
16 Duke on April 13, 2018.

17

18 ***II. PURPOSE OF TESTIMONY AND RECOMMENDATIONS***

19

20 ***Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY?***

21 ***A7.*** The purpose of my testimony is to present concerns about the modifications Duke
22 Energy Ohio proposed to its Net Metering and Supplier Cost Reconciliation

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1 Riders in its Application and that have been adopted in the filed Settlement in
2 these proceedings. My core concern is the timing of Duke's proposal because:

- 3 1. The net metering rules were unresolved at the time of
4 Duke's filing so their proposal does not fully account for
5 the latest PUCO Finding and Order concerning the net
6 metering rules;¹ and
- 7 2. Although the PUCO's "PowerForward" panel discussions
8 featuring industry experts on grid modernization is
9 complete; regulatory policies have not been defined or
10 established, especially as it relates to rate design,
11 ratemaking, and regulation specific to grid modernization.²

12
13 Other specific concerns are the revisions Duke proposed to its existing net-
14 metering tariff, Rider NM, Sheet No. 48, whereby residential net metering
15 customers will be paid less than they are currently paid for their excess
16 generation without any corresponding benefit for their peak load contributions. In
17 addition, the settlement has new charges that Ohio's residential customers will be
18 required to pay under the revised Rider SCR, Supplier Cost Reconciliation Rider.
19 Specifically, the proposed new net metering related cost to include in Rider SCR,

¹ PUCO Finding and Order in Case No. 12-2050-EL-ORD, November 8, 2017. This Finding and Order is in the rehearing stage, and Applications for Rehearing addressing the capacity credit issue have been filed by OCC, Interstate Gas Supply Inc., The Environmental Law and Policy Center, Ohio Environmental Council, Environmental Defense Fund, Natural Resources Defense Council and Vote Solar.

² "Power Forward" is the PUCO's informal investigation into the modernization of the electric grid.

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1 may lead to unwarranted charges to Ohio's residential SSO customers. Both of
2 these Utility proposals have been adopted by the filed Settlement and are not in
3 the public interest.

4
5 ***Q8. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.***

6 ***A8.*** I recommend that the PUCO reject the Settlement filed in this proceeding because
7 it violates the three-prong test that the PUCO uses in evaluating the approval of
8 settlements. Specifically, the Utility's proposed net metering related modifications
9 to Rider NM, Sheet No. 48.5 and Rider SCR, Sheet No. 115 (and reflected on
10 pages 6 and section 11, pages 21-22 of the filed Settlement) harm customers and
11 are not in the public interest.

12
13 Furthermore, the Utility's partial payment to NM customers for their excess
14 generation proposed in modified Rider NM:

- 15 1. Does not fully implement the latest PUCO Order
16 concerning the accounting of peak load contribution
17 benefits for net metering customers.³
- 18 2. Lacks the basic analytic and quantitative support to justify
19 a change in a tariff.

³ Finding and Order in Case No. 12-2050-EL-ORD (11/8/17). That Order states on page 17 that customer-generators should benefit from their peak load contributions.

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3. May undercompensate residential net metering customers who mainly net-meter with solar photovoltaic (solar PV)⁴ and who in the near future may be investing in smart inverters and storage solutions.
4. Has the potential to dampen the “pay back” for residential distributive energy resources such as solar PV and battery storage systems and therefore may inhibit the integration of distributive generation in the PUCO’s “Power Forward” initiative. The “pay back” barrier also violates ORC 4928.02 sections (C) and (K) that states the policy of Ohio is to promote the development of distributed generation.

The proposed net metering related revisions to Rider SCR:

1. May lead to double payment of net metering costs by SSO customers, which violates an important regulatory principle.
2. Should await a comprehensive, state-wide investigation of net-metering so the PUCO can make rules based on an up-to-date record in a way that protects consumers.⁵

⁴ In response to OCC-INT-05-288 through 290, Duke provided an attachment that indicates that 99.05% of the Company’s residential net metering customers have solar installations. See Attachment WG1.

⁵ See OCC Application for Rehearing in Case No. 12-2050-EL-ORD, filed 12/8/17, pages 1-2. The Finding and Order has not been finalized.

1 **III. EVALUATION OF THE STIPULATION REGARDING THE THREE-**
2 **PRONG TEST USED BY THE PUCO FOR EVALUATING**
3 **SETTLEMENTS.**

4
5 ***Q9. WHAT CRITERIA DOES THE PUCO RELY UPON FOR CONSIDERING***
6 ***WHETHER TO ADOPT A STIPULATION?***

7 ***A9.*** The PUCO will adopt a stipulation only if it meets all three criteria below. The
8 PUCO must analyze the Settlement and decide the following:

- 9 1. Is the settlement a product of serious bargaining among
10 capable, knowledgeable parties?
- 11 2. Does the settlement, as a package, benefit customers and
12 the public interest?
- 13 3. Does the settlement package violate any important
14 regulatory principle or practice?⁶

15 In addition to these criteria, the PUCO also routinely considers whether the
16 parties to the settlement represent diverse interests.

⁶ *Consumers' Counsel v. Pub Util. Comm'n.* (1992) 64 Ohio St.3d 123, 126.

1 ***Q10. DOES THE SETTLEMENT, AS A PACKAGE, BENEFIT CUSTOMERS AND***
2 ***THE PUBLIC INTEREST?***

3 ***A10.*** No. The Settlement does not benefit either customers or the public interest.
4 Specifically, the proposed changes to Rider NM harms net metering customers
5 who lose their existing remuneration for providing generation capacity service.
6 Additionally, the modification to Rider SCR harms SSO customers who could
7 potentially double pay for the customer generator's excess kWh--one payment to
8 Duke and another payment to suppliers.

9

10 **IV. EVALUATION AND RECOMMENDATION OF THE SETTLEMENT'S**
11 **PROPOSED CHANGES TO RIDER NM.**

12

13 ***Q11. WHAT SPECIFIC CHANGE DID DUKE PROPOSE TO RIDER NM?***

14 ***A11.*** Duke is proposing to remunerate excess generation provided by net metering
15 customers at the Rider RE (Retail Energy) level. In other words, this remuneration
16 is only for the energy portion of the generation supplied.⁷

⁷ Ziolkowski at 8. Stipulation at 21-22.

1 ***Q12. HOW ARE NET METERING CUSTOMERS REMUNERATED FOR THEIR***
2 ***EXCESS GENERATION UNDER DUKE'S CURRENT RIDER NM?***

3 ***A12.*** Net metering customers receive excess generation credit based on Rider RC,
4 Retail Capacity, and Rider RE, Retail Energy.⁸ The current Rider NM was last
5 revised on May 11, 2015, where the capacity component, Rider RC was added as
6 payment for customer generators' excess kWh during a monthly billing period.
7 The previous Rider NM only paid energy Rider RE, which the current PUCO
8 rulemaking Order now concurs.⁹ The latter PUCO position is a complete reversal
9 on the customer generator excess generation remuneration policy. The proper
10 remuneration for net metering customer excess generation has been one of the
11 most contentious before the PUCO in Case No. 12-2050-EL-ORD. In the Third
12 Entry on Rehearing of that Case, the PUCO rejected FirstEnergy's distribution
13 utilities' rehearing request (supported by Ohio EDUs) related to net metering
14 credit for excess generation. FirstEnergy argued that net metering customer
15 generators do not provide any capacity benefit.¹⁰ Additionally, FirstEnergy argued
16 that the Supreme Court of Ohio does not require net metering customer generators
17 to receive a full generation credit.¹¹ The PUCO stated "We find no merit to the
18 argument proposed by FirstEnergy that the only way the rules can comply with

⁸ Tariff Sheet No. 48.5.

⁹ Finding and Order in Case No. 12-2050-EL-ORD (11/8/17), page 17.

¹⁰ FirstEnergy Application For Rehearing in Case No. 12-2052-EL-ORD (6/27/2014).

¹¹ *Id.*

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1 the Ohio Supreme Court's holding is to provide an energy-only credit for excess
2 generation.”¹² The PUCO also stated that “...the electricity generated by the
3 customer-generator should also be recognized to include the components of
4 capacity, demand, and energy.”¹³

5

6 ***Q13. HAS DUKE WITNESS ZIOLKOWSKI PROVIDED ANY RIGOROUS***
7 ***ANALYSIS BASED ON QUANTITATIVE STUDIES OR GOVERNMENT***
8 ***REPORTS TO SUPPORT THE PROPOSED CHANGE IN RIDER NM?***

9 ***A13.*** No, witness Ziolkowski’s testimony lacks rigorous analysis and quantitative
10 studies supporting the change in Rider NM. He simply states that “Customer-
11 owned solar installations are not a capacity resource that the Company and other
12 customers can depend on to meet the capacity needs in the Duke Energy Ohio
13 service territory.”¹⁴

¹² Third Entry on Rehearing, 7/23/2014, page 8. Subsequent to that Entry, the PUCO sent the rules to JCARR. AEP Ohio filed an appeal with the Ohio Supreme Court on 7/28/2014 (SC Case# 14-1290) and FirstEnergy filed an appeal on 9/22/2014 (SC Case # 14-1633). The appeals did not proceed at the Ohio Supreme Court because after issuing its Order and filing the rules with the Joint Committee on Agency Rule Review (“JCARR”), Ohio Admin. Code 4901:1-10-28 (the net metering rule), was withdrawn from JCARR for further consideration of the matter.

¹³ *Id* at 4.

¹⁴ Ziolkowski at 8. The Company also failed to provide quantitative information in its response to OCC discovery on this issue. Duke also stated that it had not conducted a specific load study of all its net metering customers as part of the SSO case filing. See Attachment WG2.

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1 ***Q14. DO YOU AGREE WITH WITNESS ZIOLKOWSKI'S RESPONSE?***

2 ***A14.*** No. The response is too simplistic and terse when dealing with this complicated
3 issue. Distributed generation (DG) technologies vary in their coincidence with
4 the PJM system peak (generally more for solar and less for wind, but more when
5 both resources are combined with energy storage).¹⁵ Therefore, setting the
6 capacity value at zero for all customer generation technology combinations
7 without accommodating for their peak load contribution in their bills is
8 problematic.¹⁶

9
10 The latest PUCO Finding and Order concerning this issue clearly states that
11 “...customer-generators using advanced meters should receive the benefit of their
12 peak load contributions in the form of lower bills for electric service, instead of in
13 the form [of] a higher credit for excess generation.”¹⁷ It is unfair to net metering
14 customers to allow Duke to benefit from part of a PUCO Order diminishing
15 customer generator excess generation remuneration while ignoring the same
16 Order’s provision of lowering net-metering customer bills to account for peak

¹⁵ Duke is not aware of the storage capability of their net metering customers. See Attachment WG3, Response to OCC-INT-05-293. Storage can provide a reliable capacity service. See <https://learn.pjm.com/-/media/about-pjm/newsroom/fact-sheets/energy-storage.ashx>.

¹⁶ It should be noted that PJM accounts for the capacity that is provided by customer generators that get reflected in PJM demand forecasts leading to lower overall system demand and costs in the PJM capacity auctions. See <http://www.pjm-miso.com/-/media/committees-groups/subcommittees/las/20171115/20171115-item-03-pjm-distributed-solar-generation-forecast-2018.ashx>.

¹⁷ Finding and Order in Case No. 12-2050-EL-ORD (11/8/17), page 17.

1 load contributions. The latter could be accomplished if Duke offered customers
2 the option of a robust set of time-differentiated and/or dynamic rates.

3

4 ***Q15. ARE DUKE'S TIME-DIFFERENTIAL AND DYNAMIC RATE OFFERINGS***
5 ***TO ITS RESIDENTIAL CUSTOMERS SUFFICIENT TO REASONABLY***
6 ***CREDIT NET METERING CUSTOMERS FOR THEIR PEAK LOAD***
7 ***CONTRIBUTIONS?***

8 ***A15.*** No. Duke has no residential dynamic rate offerings; the only pilot offerings Rate
9 TD-CPP-Lite and Rider PTR have been discontinued. Other time of day pilot
10 rates such as TD-AM and TD-Lite have also been discontinued.¹⁸ The only
11 remaining time of day Rate TD requires a demand meter with programmable
12 TOD register installed at the residence. That rate is not attractive as its customer
13 cost is \$15.50 (compared to \$6 for residential Rate RS) and the summer peak
14 period extends from 11:00 am to 8:00 pm,

15

16 ***Q16. ARE THERE OTHER FACTORS THAT CAN IMPACT THE PEAK LOAD***
17 ***CONTRIBUTION OF CUSTOMER GENERATORS?***

18 ***A16.*** Yes. Electricity storage is one important example. It is very common in Germany
19 to bundle DG with storage, and this trend is expected to carry over to the US with

¹⁸ Duke Energy Ohio Schedule of Rates.

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1 Tesla's Power Wall and other vendor storage options.¹⁹ Also, the growing US
2 fleet of electric vehicles has the potential to be used as storage during peak days
3 in “vehicle to grid” applications).²⁰ The combination of residential customer
4 generation and storage can create dispatchable and dependable capacity for
5 reliability.²¹ Duke should not place barriers to these competitive storage
6 developments by establishing rate mechanisms that fail to compensate them
7 adequately for their peak load contributions.

8

9 ***Q17. WHAT IS YOUR RECOMMENDATION IN THIS CASE CONCERNING***
10 ***DUKE’S RIDER NM PROPOSAL?***

11 ***A17.*** I recommend that the PUCO reject the Company’s Rider NM proposal as adopted
12 in the filed Stipulation because it harms customers and is not in the public
13 interest. It also lacks adequate justification and is inconsistent with the PUCO’s
14 latest Order directing Ohio electric utilities to incorporate the peak load
15 contributions of customer generators through lower customer generator bills. A
16 final decision on the costs and benefits of net metering customers is also
17 premature. The PUCO should direct Duke to gather more relevant information on

¹⁹ In 2014, about one out of five household PV systems in Germany was sold with a battery pack, and that is projected to be one in three in 2015. Deign, J. (2015). German Energy Storage: Not for the Fainthearted. *Greentech Media*, March 13, 2015.

²⁰ See <http://www.pjm.com/-/media/committees-groups/committees/mrc/20160824-special/20160824-item-01d-v2g-project.ashx>.

²¹ For example, see the Value Stacking slide 11 example in Villareal’s July 27, 2017 “PowerForward” presentation, “An Overview of Distributive Energy Resources.”

1 the characteristics of its net metering customers and to present a proposal in a
2 future case that incorporates the peak load benefits of customer generators. A
3 final decision on the net metering customer generator billing treatment should
4 also await the results of the PUCO's "PowerForward" process that is examining
5 the integration of distributed energy resources to the modern grid.²²
6

7 **V. EVALUATION AND RECOMMENDATION OF THE SETTLEMENT'S**
8 **PROPOSED NET METERING RELATED CHARGES TO RIDER SCR**
9

10 ***Q18. WHAT ARE THE NEW NET METERING RELATED CHARGES TO***
11 ***CUSTOMERS THROUGH RIDER SCR PROPOSED BY THE***
12 ***SETTLEMENT?***

13 ***A18.*** Duke is proposing to add a charge component to Rider SCR to SSO customers to
14 recover Duke's payment to net metering customers for their excess generation.²³

²² The net metering compensation issue is also being studied regionally by FERC (Notice of Proposed Rulemaking issued on November 17, 2016, Docket Nos. RM16-23 and AD16-20).

²³ Ziolkowski at 8.

1 ***Q19. HAVE OHIO ELECTRIC DISTRIBUTION UTILITIES (EDUS) MADE THIS***
2 ***TYPE OF NET METERING RELATED CHARGE REQUEST IN THE***
3 ***RECENT PAST?***

4 ***A19.*** Yes. Ohio EDUs argued for a similar type of charge in the aforementioned Case
5 No. 12-2050-EL-ORD.²⁴ In that case Duke stated:

6 “...facilitation of net metering as presently contemplated by the
7 Commission will be time consuming and costly for Duke Energy
8 Ohio. One example is the requirement that the EDU purchase net
9 excess generation from customer-generators, for which there is no
10 present mechanism for cost recovery. The Company therefore
11 supports the FirstEnergy Companies’ request that the Commission
12 explicitly specify how cost recovery for such changes is to
13 occur.”²⁵

14

15 ***Q20. DID THE PUCO RULE ON THIS ISSUE IN THE RECENT NET***
16 ***METERING RULES FINDING AND ORDER?***

17 ***A20.*** Yes. The PUCO found that “...electric utilities should be provided the
18 *opportunity* to file an application with the Commission for the deferral of costs of
19 providing customer credits from net metering. The electric utilities may file an
20 application to recover the deferred costs of providing net metering in base

²⁴ For example, see FirstEnergy’s Application for Rehearing filed on 6/27/14, pages 12-13.

²⁵ Reply Comments of Duke Energy Ohio, Inc., filed on 1/8/16 in Case No. 12-2050-EL-ORD, pages 3-4.

1 distribution rates, or through some other appropriate rider or mechanism, and the
2 Commission will consider the application.”²⁶

3
4 ***Q21. WHY MAY A COMPREHENSIVE, STATE-WIDE INVESTIGATION***
5 ***OF NET-METERING BE AN APPROPRIATE VEHICLE TO ADDRESS***
6 ***RELATED NET METERING RELATED CHARGES?***

7 ***A21.*** There are several reasons why a new statewide net metering case is appropriate.
8 Such a proceeding could protect consumers from double payment by Duke’s
9 customers. This could occur if a net-metering customer’s excess generation
10 flowed through their neighbor’s meter who is a Duke SSO customer. In such a
11 case, Duke would receive revenue for the residential distribution and generation
12 rate (Rider RC, Retail Capacity and Rider RE, Retail Energy, respectively) and
13 associated volumetric riders. Duke in turn, would send those generation related
14 revenues to their SSO suppliers who would receive the excess generation
15 benefit.²⁷ On top of this “bonus” revenue going to SSO suppliers, Duke would
16 also collect from customers energy revenue for that same net metering excess
17 generation through the proposed modification to Rider SRC. In such a case, Duke
18 SSO customers are paying twice for the excess kWh of customer generators,
19 which violates an important regulatory principle. The PUCO should require
20 Duke, going forward, to revise the SSO auction contractual arrangement such that

²⁶ Finding and Order in Case No. 12-2050-EL-ORD (11/8/17), page 19. (Emphasis added)

²⁷ Usually settlement processes treat excess kWh as part of Unaccounted-For Energy (“UFE”) that is assigned to SSO suppliers and CRES. See page 6, Section C on the First Energy Companies and Ohio Power in their joint Memo Contra filed in Case No. 12-2050-EL-ORD on 12/19/17.

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1 excess generation payments are netted out of the payments to SSO suppliers or
2 require another fix that eliminates the double payment by SSO customers.

3
4 Finally, a new PUCO-ordered comprehensive generic case could investigate
5 additional benefits (such as peak load contributions) and costs accruing to the
6 EDU and non-net metering customers from distributive generation customers.²⁸

7

8 ***Q22. WHAT IS YOUR RECOMMENDATION ON DUKE'S PROPOSED NET***
9 ***METERING RELATED CHARGE IN THEIR MODIFIED RIDER SRC?***

10 ***A22.*** I recommend the PUCO reject Duke's proposal adopted in the filed Stipulation
11 because it harms SSO customers and violates a regulatory principle that a
12 customer should not pay two times for the same kWh.
13 In the alternate, if the PUCO decides to accept Duke's proposal concerning Rider
14 SRC, I recommend, prior to any specific tariff approval, it protect customers from
15 the potential of double payment of revenue streams as mentioned above.

²⁸ For example, Value of Solar studies have been incorporated in Public Utility Commission cases around the country. These studies attempt to quantify distributive generation benefits such as avoided transmission and distribution costs and other factors. Duke has not undertaken a Value of Solar study. See Attachment WG4.

1 ***Q23. ARE YOU CONCERNED THAT THE TWO NET METERING RELATED***
2 ***RIDER MODIFICATIONS IN THE SETTLEMENT CAN NEGATIVELY***
3 ***IMPACT PUBLIC INTERESTS THAT MAY SPRING FROM THE***
4 ***COMMISSION AS A RESULT OF THE ON GOING 'POWERFORWARD'***
5 ***PROCESS?***

6 ***A23.*** Yes. One of the topics discussed at PowerForward has been the integration of
7 distributed energy resources such as solar PV, demand response, storage, and
8 other resources to the modern grid. Such an integration of distributed energy
9 resource (“DER”) into the transmission and distribution network can benefit both
10 the utility and the customer by enhancing reliability and saving costs for
11 consumers. For example, residential storage (such as a Tesla Power Wall battery
12 system or an electric car) paired with a solar array could provide the utility system
13 with a benefit if undertaken in a service territory where integrated distribution
14 system planning is done. If the storage and solar PVs are sited optimally, utilities
15 could postpone or eliminate costly upgrades to power lines and substations that in
16 turn lower customer bills.²⁹ Moreover, competitive Solar PV and storage can be
17 an important linchpin in improving system resiliency through future micro grids.
18 Duke’s proposal to remove the capacity payment from Rider NM without
19 lowering the customer generators bill for peak load contribution will increase the
20 payback period of DERs and restrict their deployment. *A priori* then, Duke’s
21 proposal and the Stipulation’s adoption appears to create a barrier (disincentive)

²⁹ See Villareal presentation in the panel discussing “The State of DERs and Distribution System Safety and Reliability” on 7/27/17 “Power Forward” webcast.

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1 for net metering customers to procure valuable generation and storage solutions,
2 especially given the stipulation precedes any potential policies coming out of the
3 PUCO's "Power Forward" process.

4

5 **VI. CONCLUSION**

6

7 ***Q24. WHAT ARE YOUR RECOMMENDATIONS?***

8 **A24.** For all of the reasons described above, the PUCO should not adopt the Settlement,
9 as filed, because the net metering proposal harms customers and is not in the
10 public interest. In addition, other OCC witnesses have shown that as a package
11 the Settlement does not benefit customers. Further, the PUCO should
12 comprehensively address this evolving matter on a statewide basis in Case No.
13 17-1842-EL-ORD or another generic PUCO investigation.

14

15 ***Q25. DOES THIS CONCLUDE YOUR TESTIMONY?***

16 **A25.** Yes. However, I reserve the right to incorporate new information and/or
17 discovery responses that may subsequently become available. I also reserve the
18 right to supplement my testimony in response to positions taken by Duke Energy
19 Ohio or other parties.

CERTIFICATE OF SERVICE

It is hereby certified that a true copy of the foregoing *Direct Testimony of Wilson Gonzalez on Behalf of the Office of the Ohio Consumers' Counsel* has been served electronically this 25th day of June 2018.

/s/ William J. Michael

William J. Michael
Assistant Consumers' Counsel

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Case No. 17-1263-EL-SSO et al.

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Mr. Gonzalez has submitted testimony in the following cases before the Public Utility Commission of Ohio:

1. Vectren Energy Delivery of Ohio, Case No. 04-571-GA-AIR
2. Dominion East Ohio, Case No. 05-474-GA-ATA
3. Dominion East Ohio, Case No. 07-829-GA-AIR
4. Vectren Energy Delivery of Ohio, Case No. 05-1444-GA-UNC
5. Columbus Southern Company/Ohio Power Company, Case No. 06-222-EL-SLF
6. Duke Energy of Ohio, Case No. 07-589-GA-AIR
7. FirstEnergy Companies, Case Nos. 07-551-EL-AIR, et al
8. Vectren Energy Delivery of Ohio, Case No. 07-1080-GA-AIR
9. FirstEnergy Companies, Case No. 08-935-EL-SSO
10. FirstEnergy Companies, Case No. 08-936-EL-SSO
11. Duke Energy of Ohio, Case No. 08-920-EL-SSO
12. AEP, Case No. 08-917-EL-SSO
13. Dayton Power and Light, Case No. 08-1094-EL-SSO
14. FirstEnergy Companies, Case No. 09-906-EL-SSO
15. Duke Energy of Ohio, Case No. 10-1999-EL-POR
16. FirstEnergy Companies, Case No. 10-388-EL-SSO
17. FirstEnergy Companies, Case No. 10-1128-EL-CSS
18. AEP, Case No. 11-351-EL-AIR
19. FirstEnergy Companies, Case No. 11-5201-EL-RDR
20. FirstEnergy Companies, Case No. 12-1230-EL-SSO
21. FirstEnergy Companies, Case No. 12-2190-EL-POR
22. Duke Energy Ohio Case No. 13-431-EL-POR
23. Duke Energy Ohio Case No. 13-753-EL-RDR
24. Ohio Power Case No. 13-1939-EL-RDR
25. Duke Energy Ohio Case No. 14-1580-EL-RDR
26. Duke Energy Ohio Case No. 14-457-EL-RDR

**DUKE ENERGY OHIO
NET METERING INSTALLATIONS
AS OF AUGUST 2017**

Attachment W/G-1

PUCO Case No. 17-1263-EL-SSO
OCC-INT-05-288 Attachment
OCC-INT-05-289 Attachment
OCC-INT-05-290 Attachment
Page 1 of 1

	No. of Accounts	Installed Capacity MW	Installed Capacity MW %
Non-Residential	167	14.18	80.76%
Other	1	0.01	0.07%
Solar	163	14.13	99.64%
Wind	2	0.04	0.29%
(blank)	1	0.00	0.00%
Residential	600	3.38	19.24%
Solar	593	3.34	99.05%
Wind	7	0.03	0.95%
Grand Total	767	17.56	100.00%

**Duke Energy Ohio
Case No. 17-1263-EL-SSO
OCC Fifth Set Interrogatories
Date Received: September 18, 2017**

OCC-INT-05-292

REQUEST:

Has Duke conducted a specific load study of all its NM customers as part of the SSO case filing?

RESPONSE:

No.

PERSON RESPONSIBLE: James E. Ziolkowski

Duke Energy Ohio
Case No. 17-1263-EL-SSO
OCC Fifth Set Interrogatories
Date Received: September 18, 2017

OCC-INT-05-293

REQUEST:

What percentage of Duke NM customers by class has storage capability (battery or other storage mechanism, including electric vehicles)?

RESPONSE:

Unknown.

PERSON RESPONSIBLE: James E. Ziolkowski

Duke Energy Ohio
Case No. 17-1263-EL-SSO
OCC Fifth Set Interrogatories
Date Received: September 18, 2017

OCC-INT-05-294

REQUEST:

Has Duke conducted a Value of Solar study for its service territory?

RESPONSE:

No.

PERSON RESPONSIBLE: James E. Ziolkowski

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in

Case No(s). 17-0032-EL-AIR, 17-0033-EL-ATA, 17-0034-EL-AAM, 17-0872-EL-RDR, 17-0873-EL-ATA, 1

Summary: Testimony Direct Testimony of Wilson Gonzalez in Opposition to the Joint Stipulation and Recommendation On Behalf of The Office of the Ohio Consumers' Counsel electronically filed by Ms. Jamie Williams on behalf of Michael, William Mr.