



## Colorado Solar Coalition: Q and A on Xcel Energy's Rate Proposal

### **What does this have to do with the future of energy in Colorado?**

Colorado's largest utility, Xcel Energy, has launched a major energy policy and media initiative it is calling "Our Energy Future." The plan will have major impacts on the state's continued development of a robust independent renewable energy industry. It includes multiple dockets filed at the Colorado Public Utilities Commission (which regulates Xcel), and these will be litigated by many parties in lengthy and complex proceedings. Xcel has also mounted a massive public relations campaign to convince Coloradans to support its plans. We are concerned that Xcel wants to significantly change the way renewable energy is planned, priced and owned in Colorado, and want to be sure the public is aware of some of the potential negative effects.

### **What is the Phase II Rate Case?**

Xcel is seeking major changes in how it structures electricity rates for different classes of customers. The utility won approval in 2015 for an overall amount of money it can collect through rates, and the Phase II case distributes those charges among customer types.

### **What are the key aspects of the proposed new rates?**

Xcel is proposing a new monthly fixed charge for residential and small business customers while decreasing the charges for the volume of energy consumed. Xcel is also proposing to begin rolling out demand charges for residential customers as its future rate design. We believe the combination of these proposals will make it less attractive for customers to invest in solar energy and energy efficiency.

### **What is the "Grid Use Charge"?**

The proposed Grid Use Charge replaces a portion of the energy charge with a tiered fixed charge, and is proposed to apply to all residential and small commercial customers (except for Solar\*Rewards customers through 12/31/2016). It will vary based on a 12-month average of previous energy usage.

The residential customer charges vary from \$2.63 to \$44.79 per month, and \$4.30 to \$92.07 for small commercial customers. The company claims the new charge is needed to recoup costs of the distribution grid.

### **Are these new charges necessary?**

We don't think so. Xcel justifies this charge by claiming that rooftop solar customers are shifting costs to other customers by contributing less for the upkeep of the electricity system. But, Colorado recently completed an exhaustive two-year proceeding on this very question. The PUC considered whether changes were needed to net metering, the system that allows rooftop solar customers to receive credit for electricity they generate beyond their own use. The PUC decided just last summer that the current system was fair and no changes were needed. Yet Xcel is now back with the same arguments that did

not prevail. The solar industry submitted extensive studies showing that rooftop solar contributes more benefits to all electricity customers than it receives in benefits.

Fixed charges in general are regressive as they harm low-income customers the most, and don't allow customers to make changes that immediately reduce costs. By discounting the price of energy used, incentives to use less -- through conservation, efficiency and customer-generated renewable energy -- are reduced. We think rates should encourage rooftop solar energy, electric cars and conservation.

### **What do you recommend instead?**

We don't think that major changes in residential rate structures are needed. Xcel claims the reduced revenue collected from rooftop solar customers make new rates necessary but does not mention the benefits of solar. The rates fail to account for the real risks of carbon emissions, nor do they credit solar for the health and economic benefits created by clean customer-generated renewable energy.

### **What about trying out some new rates?**

We believe well-designed trials of some innovative rate designs are a good idea as long as they are limited in scope and designed to collect data about the price signals they send. We favor trying Time of Use Rates that acknowledge energy costs more at certain times. We could encourage rooftop solar by providing greater credits when the solar panels are producing the most -- during peak summer afternoon and early evening hours. We could encourage electric vehicles by imposing a very low electric rate in the middle of the night when demand is low but cars can be easily charged. We could also encourage people to do things such as washing dishes or drying clothes late at night with such rates.

### **What about commercial rates?**

Going solar is not very attractive for many small businesses who pay high rates on their monthly peak demand. We believe that lower demand rates and higher energy rates would be more appropriate. We support pilots of different optional rates for commercial customers as well as residential customers.

### **How can I get involved?**

**You can read documents about the rate case at the PUC website under its docket number: [16AL-0048E](#)**  
You can file a public comment online here  
([http://www.dora.state.co.us/pls/real/CCTS\\_oWEB.comment\\_form](http://www.dora.state.co.us/pls/real/CCTS_oWEB.comment_form) )

You can fax comments to the PUC at (303) 894-2532.

And please, attend a public hearing:

**Thursday, June 9, 4-6 p.m.**

**Public Utilities Commission Hearing Room  
1560 Broadway, Suite 250/Denver, CO 80202 Or**

**Thursday June 16, 4-6 pm**

**City Auditorium, 250 North Fifth Street, Grand Junction**

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