

Utility companies seek new rates for consumers who sell solar power

Homeowners and businesses interested in utilizing rooftop solar panels to produce their own power should take note. Cases were filed Aug. 19 and Sept. 4 at the Oklahoma Corporation Commission that will determine how Oklahoma's two largest electric utilities compensate customers for self-produced solar power.



Eric Davis is an attorney in the Firm's Clean Energy Practice Group and the Government Relations and Compliance Practice Group. He represents clients in a range of regulatory and energy matters.

Oklahoma Gas & Electric and Public Service Co. of Oklahoma

filed the cases in response to new commission rules. The rules provide that customers who produce surplus electricity that is fed back onto the grid must be compensated, a standard practice in many states across the country. This is a departure from previous rules, which contemplated customers' ability to offset their own energy usage with self-produced power, but any excess power was treated as a donation to the utility, which then could resell it without paying the homeowner.

As a result of the rule changes, OG&E and PSO are proposing to overhaul the terms and conditions applicable to customers who produce their own power. Among other things, the utilities propose paying for customers' power based on the wholesale cost the utility would have paid in the market – a cost several cents lower per kilowatt-hour than retail rates.

In determining rates, the commission will consider whether solar customers are paying their fair share to maintain the utility's grid that continues to support them.

Meanwhile, the commission may consider whether rooftop solar customers are fairly compensated for the value their energy offers to the grid. For example, as customers' self-produced power reduces overall power demand, utilities will realize cost savings as their power plants operate less, and the need to build new, costly power plants is delayed or even avoided. Moreover, reductions in power demand will reduce the utility's need for expensive upgrades to power lines, and less electricity is lost in long-distance transmission. These infrastructure-related savings would result in lower rates for all customers.

The commission's ultimate determination regarding rates applicable to rooftop solar customers will impact whether it makes financial sense for customers to adopt solar to begin with. The issue is notable in Oklahoma, given the state is consistently ranked in the bottom 10 (approx. 46th) in the

country in terms of solar energy production, yet it is ranked in the top 10 (approx. 6th) in terms of solar energy potential.

Recognizing this deficit, interim studies are scheduled this fall at the Capitol to explore how Oklahoma can improve its standing in solar production. Benefits of increased solar production include energy diversification, new job opportunities, improved grid resiliency, water conservation, and reduced greenhouse gas emissions. With industry projections calling for strong growth of rooftop solar installations nationwide, OG&E's and PSO's cases at the commission will impact the extent of that growth, or the risk of zero growth, in Oklahoma.

Those interested in these cases can participate in a number of ways, ranging from emailing comments to the commission, to formally intervening as a party. Formal parties have the right to issue discovery, present witnesses and cross-examine witnesses of other parties, including the utility's witnesses. By intervening, parties optimize their ability to influence the utilities' policies and terms of service.

Oklahoma's solar opportunity is unlike any other form of energy. If the sun shines on your home, farm, or business, you have an opportunity to harness that energy for your own usage. Whether customers are paid fairly for what they share with the grid will affect the technology's adoption in the future.

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By Phillips Murrah Attorney [C. Eric Davis](#)

C. Eric Davis is an attorney with Phillips Murrah.