

Net Metering Program Consultation

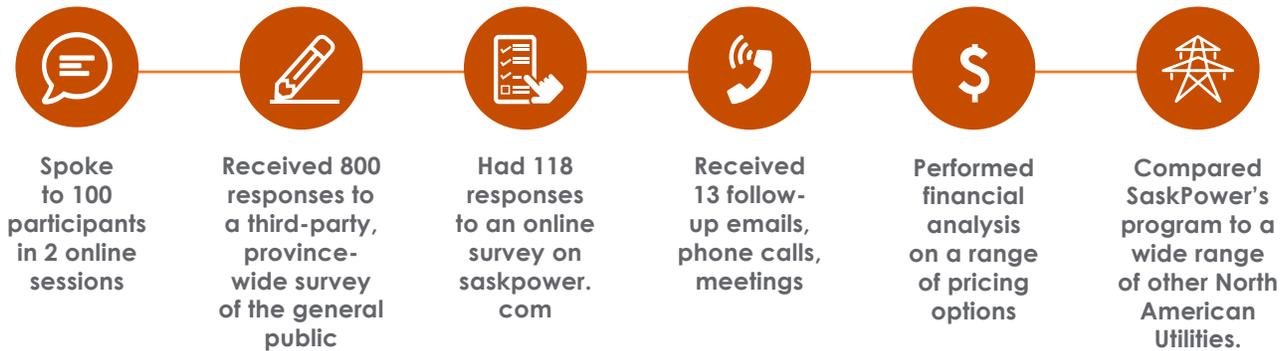
# ONLINE SESSION AND SURVEY SUMMARY

December 2, 2021

# WHAT WE DID

Engagement with customers to review the price paid for excess power to net metering customers.

## THIS SUMMER AND FALL, WE...



## WHAT WE HEARD...

### PRICING FAIRNESS

There is no clear agreement on what a "fair" price for Net Metering electricity is. The more likely a customer is to support net metering, the higher they think it should be.

<b>66%</b>	<b>34%</b>
Saskatchewan residents that do not think SaskPower should pay a higher price for excess power through the NMP	Saskatchewan residents that think SaskPower should pay a higher price through the NMP
<b>8%</b>	<b>92%</b>
3 <sup>RD</sup> PARTY SURVEY	SASKPOWER.COM SURVEY

### EXPAND SCOPE & INNOVATION

Participants felt the scope of the net metering consultation was too narrow. There's interest in broader distributed energy resources – beyond net metering.

### COLLABORATE ON IDEAS

Customers want to be part of future conversations on Net Metering and other new, innovative technologies.

### OPEN COMMUNICATION

Transparent communication from SaskPower is important to customers.

### PARTICIPATION

Customers continue to express interest in participating in the Net Metering Program

# ONLINE SESSIONS

## WHAT WE DID

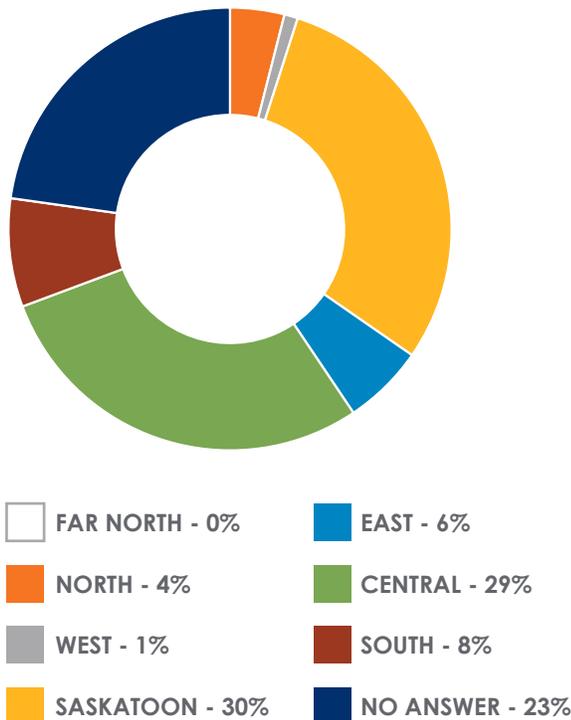
We reached out and invited both SaskPower residential and business customers through a variety of campaigns to join two online sessions hosted in June 2021. During these online sessions we discussed the challenges of the program and looked for feedback from those who attended. We presented three distinct pricing scenarios that attendees could react to:

1. Standard Reseller Rate
2. Utility Scale Solar Price
3. Average Price of Electricity

In September 2021, we posted a draft copy of “what we heard” from these sessions to saskpower.com and reached out to participants to review and provide feedback. We have included that feedback in this summary report.

## WHO WE HEARD FROM

Where do you live?



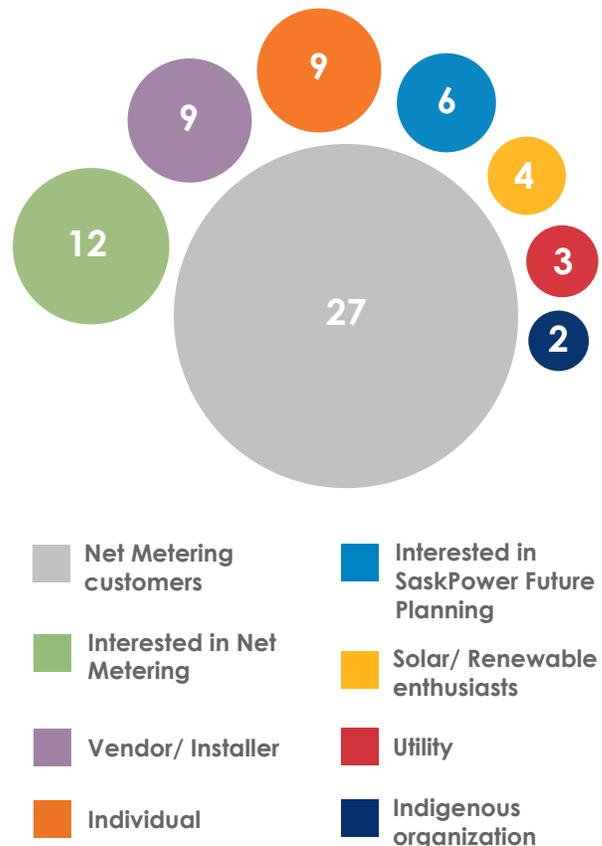
A total of 100 individuals attended the two online sessions. Of those that participated in the online polls and chat, the following participant demographic information was collected.

The majority of participants indicated they were from Saskatoon (30 per cent) and Central, which includes Regina (29 per cent). We had no participants from the far north and only 4 per cent of participants were from the north.

## In what capacity are you here?

We asked participants to describe what motivated them to attend the online session (i.e., individual, advocacy organization, vendor, net metering customer, someone interested in net metering, someone interested in future planning, etc.)

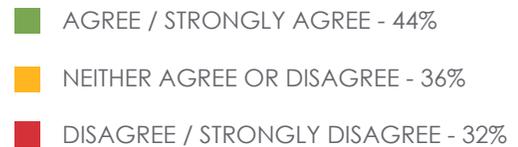
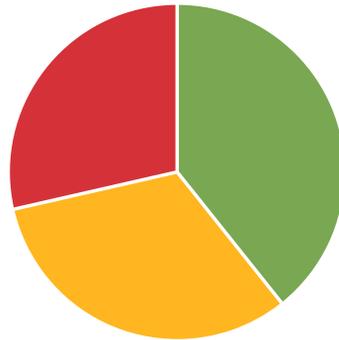
The majority of participants identified as net metering customers.



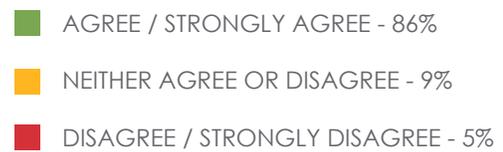
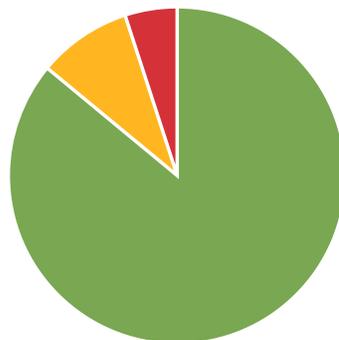
## HOW WE DID

At the end of each online session, we asked participants for feedback.

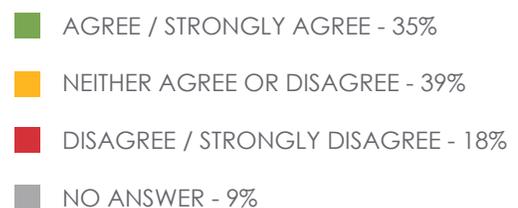
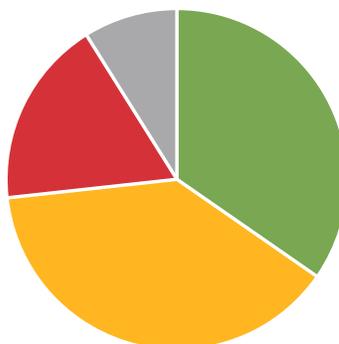
I had the information I needed to participate in a meaningful way.



I had the opportunity to participate in a way that worked for me.



My questions were answered to my satisfaction.



## WHAT WE HEARD

Participant feedback from the two online sessions held in June 2021 has been grouped, analyzed, and coded to identify common themes.

In compiling these themes, SaskPower has strived to remain objective in reporting on what we heard. We are neither agreeing nor disagreeing with what participants said, nor have we made effort to confirm/deny the accuracy of any statements noted below. As much as possible, it is our intent to provide an unfiltered snapshot of the workshop discussions.

Due to the nature of the discussion, some repetition of ideas appears in what is reported.

## SHORTCOMINGS OF JUNE 2021 CONSULTATIONS

- Participants noted that it seemed as if SaskPower undertook its consultation on the Net Metering Program because it was required, and not because the company wanted meaningful input from current Net Metering Program customers and advocates.
- It was noted that SaskPower did not demonstrate any excitement during this consultation about the long-term prospects for net metering or highlight its role in the company's future plans.
- There was disappointment with the three future Net Metering Program pricing options presented during the consultation; in addition, the rationale for how they were developed by SaskPower was not clear to attendees.
- Concerns were raised about the ability of all customers to participate in the consultation.
- With these consultations, attendees said SaskPower missed an opportunity to promote more solar generation in the province.
- Some believe that there is too much time and effort spent by SaskPower on tweaking this program vs. looking at other, more innovative programs.

## DIVERSE BENEFITS AND MOTIVATION TO PARTICIPATE IN THE NET METERING PROGRAM

- A wide range of reasons were provided during the sessions as to why customers currently participate in the Net Metering Program, including:
  - Concerns about climate change and wanting to reduce carbon emissions by taking immediate personal action.
  - Saving money on power bills and generating income by selling surplus electricity to SaskPower.
  - Taking advantage of government financial incentives for self-generation infrastructure.
  - Helping SaskPower meet its sustainability goals.
  - Demonstrating support for a shift from large, centralized utility scale generation to small, distributed generation that takes advantage of under-utilized space (i.e., rooftops).
- Many benefits of the Net Metering Program were also noted:
  - Keeping power generation local instead of relying on imported power
  - Creating green jobs.
  - Raising the profile of solar power across the province, including in Indigenous communities.
  - Making maximum use of local resources.
  - Encouraging overall energy efficiency, as Net Metering Program customers pay more attention to their electricity consumption.
  - Solving issues at the local/grassroots level.
  - Providing additional generation to respond to anticipated load increases resulting from population growth, electrification, electric vehicles, etc.
  - Supporting a distributed power generation system that reduces the provincial grid's vulnerabilities to outages.

## **BARRIERS TO NET METERING PROGRAM PARTICIPATION**

- Participants said current pricing is a barrier to customers joining the Net Metering Program, and that a higher price would encourage more program uptake. It was suggested that funding for higher Net Metering Program prices could be reallocated from other areas of SaskPower and the provincial government.
- Aligning the current Net Metering Program with the federal government's initiative to promote zero carbon buildings was seen as an option to increase participation rates.
- It was observed by participants that SaskPower must provide some subsidization to incentivize Net Metering Program growth and offset the high cost of solar infrastructure. The current payback time period is too long to attract more customers. Participants noted that SaskPower already subsidizes other forms of power generation, like carbon capture and storage.
- SaskPower should consider incentives for bringing more renewable energy onto the grid. As a Crown corporation, participants said that SaskPower needs to respond to the needs and priorities of Saskatchewan, which includes more renewable energy. This is more important than prioritizing lowest cost energy.
- SaskPower should look to other jurisdictions to see how other utilities are encouraging net metering and addressing barriers to participation.
- The current Net Metering Program should be expanded to include larger community buildings. Introducing a different pricing scenario for larger buildings (vs. residential or farm net metering applications) would drive more program participation, attendees said.
- Implementing Time of Use rates was seen as an option to grow the Net Metering Program customer base.
- Participants said a failure by SaskPower to address these barriers to participation could lead to customers defecting from SaskPower in the long-term.

## **IMPACT OF 2019'S PRICE CHANGES TO THE NET METERING PROGRAM**

- Participants spoke about the significant impact of the abrupt price changes made by SaskPower to the Net Metering Program in 2019.
- These pricing changes are seen to have hurt the province's solar industry and have impacted Net Metering Program customers counting on a set price from SaskPower to repay their renewable infrastructure investment.
- 2019's price changes eroded trust with SaskPower and continue to have an ongoing negative impact on the company's relationship with Saskatchewan's self-generation community.
- Participants suggested that legacy Net Metering Program customers impacted by the 2019 pricing changes be "made whole" by SaskPower reinstating the retail rate paid for their excess electricity (per the original program pricing).

## **LACK OF TRANSPARENCY BY SASKPOWER**

- Participants said the Net Metering Program name is misleading; SaskPower's current offering is net billing and not net metering.
- The internal costs SaskPower says it incurs to support Net Metering Program customers were noted as an area where the company could be more transparent; participants want information on SaskPower's costs for the types of generation that net metering is being compared to, as well as the company's other fixed costs (such as transmission, distribution, and administration). It was suggested that power bills be altered to show the breakdown of these specific costs to improve transparency in net metering pricing.
- Clear communication about when and how future pricing for Net Metering Program customers may be changed was noted as being essential to providing the financial certainty that participants require.

## CLARIFYING THE NET METERING PROGRAM FOCUS

- Participants want clarity from SaskPower on the company's objectives with the Net Metering Program: is it intended to benefit SaskPower, customers, or is the Net Metering Program only being offered so that the company can say that one exists?
- SaskPower's motivation to offer Net Metering Program is not seen as aligned with what customers view as the program's actual purpose. These reasons were outlined earlier under *Diverse Benefits and Motivation to Participate in the Net Metering Program*.
- Because the Net Metering Program is essentially the only opportunity for customers to participate in renewable power generation, participants acknowledged that they have high expectations from SaskPower when it comes to program design and delivery.

## NET METERING SUBSIDIZATION AND PRICING CONSIDERATION

- Discussion focused on the struggle to value net metering and monetize a formula to determine a fair price to pay current and future customers in the Net Metering Program.
- Net Metering Program customers said they are willing to pay their share of SaskPower's fixed costs to not burden other customers; in turn, they want SaskPower to set a clear and fixed Net Metering Program price.
- Participants want SaskPower to clarify if the current price for excess power includes any subsidization; and if so, how much.
- SaskPower's assertion that it incurs financial hardship by subsidizing Net Metering Program customers was seen as misleading; it was noted that there are only a small number of customers in the program when compared to SaskPower's total customer base.
- Net Metering Program pricing should be set to provide a strong incentive for customers to invest in renewable power infrastructure, but without requiring SaskPower to subsidize Net Metering Program customers.
- As a Crown corporation, attendees said that SaskPower should design the Net Metering Program and other similar initiatives aimed at small customers so that they break even financially.
- SaskPower should improve efficiency in the administration of the program (i.e., improved processes, new technology, reduction in in-person meter reads, etc.) to reduce internal costs.
- Participants want SaskPower to look beyond economic considerations when setting the Net Metering Program price to consider the value of a more diverse set of factors, including: greenhouse gas emission reductions; carbon tax credits that SaskPower receives; utilization of existing buildings for solar infrastructure that minimizes land impacts; reduced infrastructure requirements due to more localized power generation; delays or elimination of the need to add new generation infrastructure; less stress on the provincial electrical grid during the summer; fewer electricity losses incurred when power is transported over long distances; elimination of voltage drops for Net Metering Program customers, and the potential costs and loss of life from natural disasters resulting from climate change.
- SaskPower should deploy a triple bottom line framework to assess the true value of the Net Metering Program, and then use that analysis to inform the price paid to customers for surplus electricity they supply.
- Participants indicated that the price paid by SaskPower for surplus electricity from Net Metering Program customers should not be directly linked to the utility's actual cost for that type of generation (i.e., solar); it was noted that this pricing approach does not reflect the true value of net metering (as discussed above). As well, it was suggested that different net metering generation technologies should have different prices, particularly to promote renewables over non-renewable generation. There are little to no expenses incurred by SaskPower for the addition of these privately owned and operated generation systems.

- It was suggested that a variety of Net Metering Program rates could be set for different customer types (i.e., building owners vs. residential customers vs. farm customers).
- The price paid for surplus energy should reflect that the customers pay the capital costs for their renewable generation system, as well as ongoing maintenance and upgrades. Participants feel there are little to no expenses incurred by SaskPower for the addition of these privately owned and operated generation systems.
- Future pricing must address the fact that current Net Metering Program customers are penalized if they choose to expand their renewable infrastructure, as they will lose legacy pricing from pre-2019.
- Net Metering Program pricing should encourage maximum renewable power production and encourage additional electricity storage (which could be returned to the grid when needed).
- It was suggested that a staged pricing model could be implemented to provide Net Metering Program customers with an initial rate for excess electricity up to a certain threshold, and then a lower rate for additional power delivered to SaskPower. Prices would ratchet downward as various generation targets are met but would still allow customers to earn a return on their renewable infrastructure investment.
- Participants asked SaskPower to offer an on-bill financing program (like PACE) to increase participation.
- Future pricing models should consider extending the length of time that excess generation credits can be used; another option suggested was that these credits could be paid out after a set amount of time.
- Future pricing models could be paired with discounts on renewable storage options such as batteries to encourage Net Metering Program uptake and deliver a reliable source of clean power to SaskPower.
- Net Metering Program customers should be paid the retail rate for any surplus electricity

because they help SaskPower achieve emission reduction goals while also reducing the company's capital and infrastructure costs.

- SaskPower should consider the payback period for customer investments in renewable power infrastructure when developing any future Net Metering Program pricing approach. Several different payback periods were suggested by attendees, based on varying criteria.
- Pricing consistency/certainty was seen as being essential for Net Metering Program customers so they can complete an accurate cost-benefit analysis of their net metering project before deciding to proceed. Pricing certainty will also support growth of the solar industry in Saskatchewan.
- SaskPower should not provide preferential pricing and incentives for larger customers while continuing to ignore the needs of customers in the Net Metering Program.

#### **NEED FOR COLLABORATION/PARTICIPATION**

- Participants called on SaskPower to collaborate more with Net Metering Program customers and the province's solar industry. Specifically, SaskPower was urged to pursue partnerships with the Saskatchewan net metering community while increasing education and communication efforts.
- Attendees said SaskPower should have used this June 2021 online consultation process to initiate discussion about other options for customers to participate in renewable power generation, including: virtual net metering; feed-in-tariffs; a Green Power Program where people can pay a premium for renewable power if they cannot install it at their home; distributed energy resources; pairing electric vehicles with net metering installations; renewable power storage options; as well as the potential for renewable programs specifically targeting farmers, multi-unit buildings, and Indigenous rights-holders who don't own a home.

- Current Net Metering Program participants said they want SaskPower to create additional options so more customers can participate in renewable power generation initiatives, with a particular focus on low-income customers.
- Participants noted that SaskPower should encourage the installation of more localized renewable power storage across the province, as well as energy efficiency programs, to help grow renewable generation in Saskatchewan.

## SURVEYS

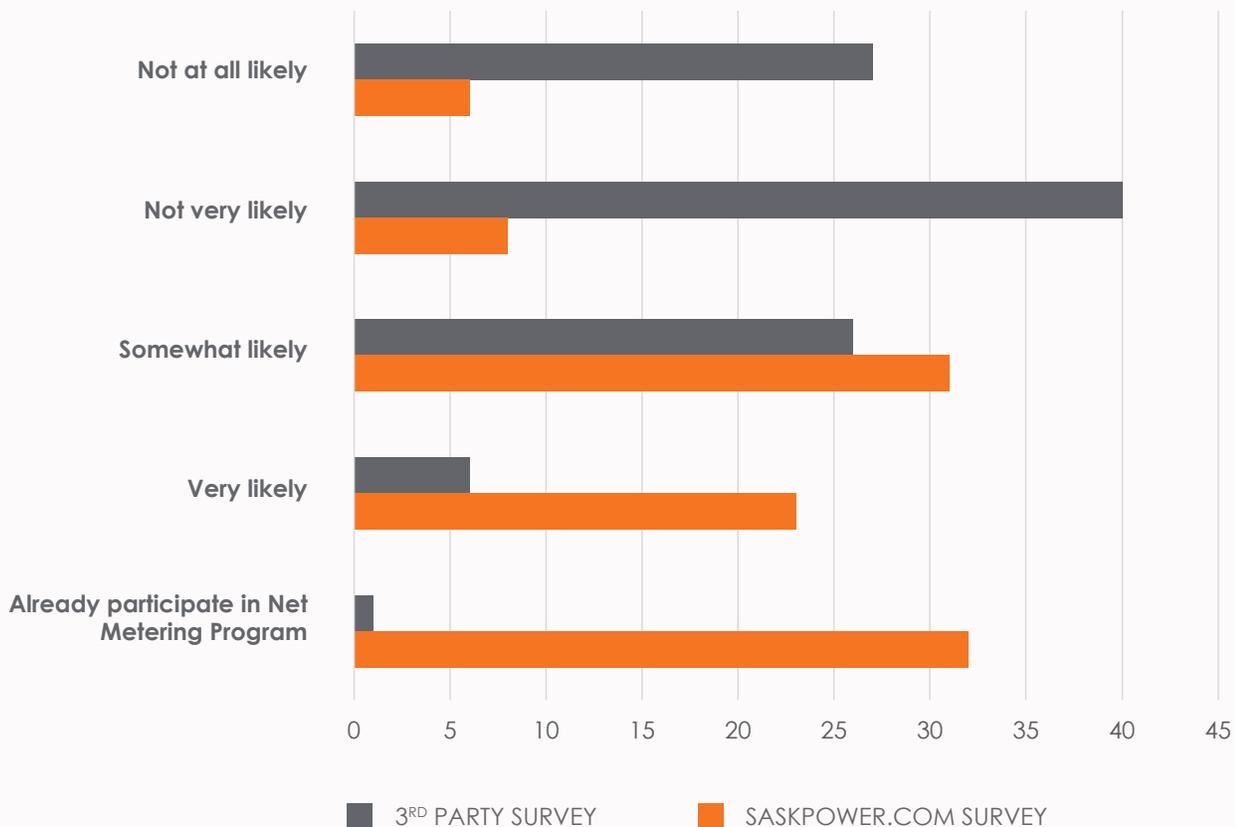
### WHAT WE DID

We gathered feedback on the Net Metering Program and potential future pricing models through two surveys in June 2021. One of the

surveys was posted on saskpower.com and received 118 responses, primarily from current net metering customers and/or advocates. The other survey was distributed to a representative range of Saskatchewan residents who are representative of the entire population of Saskatchewan through a third-party survey company and received 800 responses.

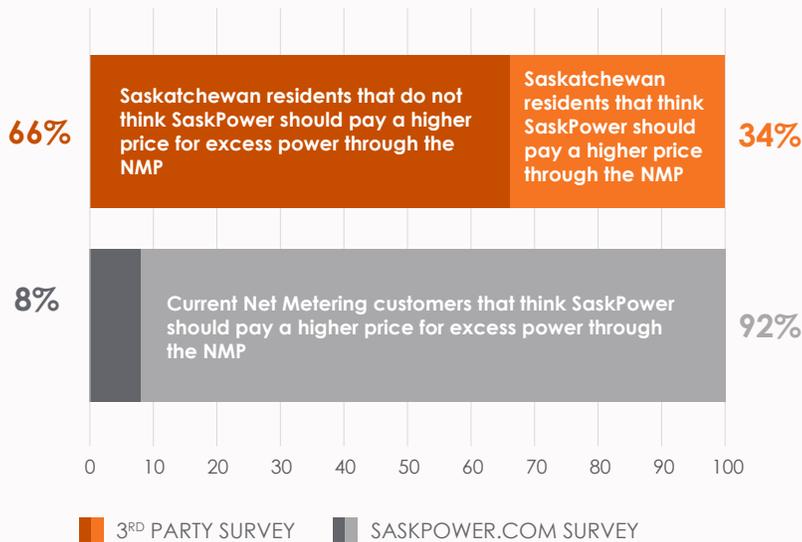
### WHO WE HEARD FROM

- 54% of the saskpower.com survey respondents told us they are likely to participate in the Net Metering Program, compared to one-third (32%) of Saskatchewan residents surveyed (third-party survey).
- One-third (32%) of the saskpower.com survey respondents indicated they were already Net Metering Program participants, compared to 1% of the third-party survey respondents.



# WHAT WE DID

## Should SaskPower pay a higher price for excess power through the Net Metering Program (NMP)?



### REASONS AGAINST HIGHER PRICE

- SaskPower should pay fair market value
- Power is the same regardless of the source
- Other Saskatchewan residents will have to pay higher rates to support a higher price

### REASONS FOR HIGHER PRICE

- To increase participation/ provide incentive to participate
- To cover Net Metering Program participants' investment costs (i.e., equipment, maintenance)

The more likely a person is to participate in SaskPower's Net Metering Program, the more likely they are to think SaskPower should pay a higher price for Net Metering participants' power.

Participant feedback from the two surveys was reviewed analyzed and coded to identify common themes.

- The more likely a person is to participate in SaskPower's Net Metering Program, the more likely they are to think SaskPower should pay a higher price for net metering participants' power.
- Almost all the 118 respondents to our saskpower.com survey and are current Net Metering Program participants (92%) think SaskPower should pay a higher price for excess power through the Net Metering Program, while one-third (34%) of the 800 Saskatchewan residents surveyed through the third-party survey think SaskPower should pay a higher price.
- The top reasons in favour of a higher price include:
  - To increase participation/ provide incentive to participate, and
  - To cover Net Metering Program participants' investment costs (i.e., equipment, maintenance)
- Two-thirds (66%) of the 800 Saskatchewan residents who responded to the third-party survey do not think SaskPower should pay a higher price for excess power through the Net Metering Program.
- The top reasons against a higher price include:
  - SaskPower should pay fair market value,
  - Power is the same regardless of the source, and
  - Other Saskatchewan residents will have to pay higher rates to support a higher price
- In both surveys, respondents were asked what price SaskPower should pay for excess power provided by Net Metering Program participants. The top choice among Saskatchewan residents surveyed in the third-party survey was the 'average amount SaskPower pays to produce power from all sources.' The top choice from those surveyed in the saskpower.com survey was the 'amount Saskatchewan residents pay for power'.