Rocky Mountain Power, a Warren Buffett-owned utility, is again seeking to kill off residential solar power

Rocky Mountain Power has proposed an almost 80 percent cut to the rate paid to net metered solar electricity, dropping it from the current 9.2¢/kWh to a rough average of about 2.0¢/kWh.

FEBRUARY 19, 2020 JOHN WEAVER

Utah’s Rocky Mountain Power, a publicly managed monopoly electricity provider, has proposed a new rate for net-metered solar electricity that will effectively destroy the value of the program.

The Warren Buffett-owned utility, in a docket filed with the state’s public service commission, has proposed that net-metered solar electricity is worth between 1.1¢ and 3.8¢/kWh – with annual averages being just over 2.0¢/kWh. The values vary based upon month of the year, and whether the electricity is generated during an on- or off-peak period.

The current value for net metered solar electricity is 9.2¢/kWh. The utility charges between 10.7¢ and 14.5¢/kWh for residential electricity.
The utility has also requested that two new fees be implemented – an interconnection application fee of $150, and a meter fee of $160.

In the filing, the utility noted that roughly 52% of all electricity generated by an individually-owned solar system was exported to the power grid. If 52% of a solar system’s electricity is dropped by 80% in value, the total revenue generated will fall by around 30% based upon current tariff rates.
The billing structure was calculated based upon the utility’s varying summer and winter electricity demand, as well the daily use profile. During the winter, both a morning and evening peak is seen, while summer electricity shows a massive evening electricity peak.

Utah’s duck curve is a natural occurrence, not caused by solar power, as the state’s total distributed solar generation is well under 1% of all electricity.

**Marching Orders**
This type of action, aggressively attacking the value paid to individual’s exporting electricity to the power grid, is a Buffett marching order to combat a potentially existential threat – the “death spiral.”

This phrase was coined in an Edison Electric Institute report from 2013. The term was used to describe how rates might increase as more individuals effectively defected from the power grid by generating their own electricity via solar power. This increase in rates would then lead to more defections, which would spiral upward — much like the land line telephone business experienced as mobile phones took over.

Buffett has argued that in regulated markets, like Utah, where electricity generation is fully monopolized by the utilities – this spiral can be managed via aggressive anti-net-metering.
lobbying. He has stated that in deregulated markets this could be a challenge against long-term predictable earnings.

Buffett is not against renewable electricity. NV Energy, a Buffett-owned utility in Nevada, has recently pushed forward some of the largest solar and energy storage projects in the country. Another Buffett-owned utility, MidAmerican, will be the first utility in the U.S. to be 100% renewable electricity powered sometime in late 2020.

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CaliforniaGeo Responds—
Why is Warren Buffett smiling (or is it a smirk)? He’s a savvy investor who has followed business trends, often anticipating them before competitors make their move. This has contributed to his Berkshire-Hathaway’s consistent long-term profitability for investors. In regulated territorial monopolies, his utility holdings are benefitting B-H while their lobbyists leverage the regulatory environment in their favor.

Collectively, utilities have been on to customer solar for some time. They’ve gained regulatory favor by limiting customer generated power to a low percentage of a utility’s peak generation capacity. And, they’ve coined the predictable argument that solar net-metered customers are costing all non-solar customers money. They do this while ignoring what rooftop solar can do to give substations a transmission rest in hot weather or require less peak traditional generation or purchased power to be sought for their portion of the grid.

Buffett is for renewable energy—but it’s the kind his utilities deploy as a business model. There is profit to be made as the nation turns toward Beneficial Electrification, and Buffett sees no reason to reduce customer costs by limiting his opportunities. Regulatory protection for consumers exists in California, where customers’ surplus power through solar directly offsets their usage at equal retail rates.

Turning toward geo heat pumps, let’s remember that they consume electricity, but gather or reject four-to-six times that much for heat, cooling, and hot water. When you install a geo system, no utility can lobby for regulators’ help to get between you and the thermal reserves in your own dirt.

—Bill Martin

Buffett vs NEM solar rates
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