



Comments
Sierra Club DC Chapter
In the matter of 15 DCMR CHAPTER 40 — District of Columbia Small Generator
Interconnection Rules, RM40-2022-01-E - 1
February 24, 2022

The DC Chapter of Sierra Club is a long and strong advocate for clean energy in DC, and has advocated for the necessary legal, regulatory and structural support of the District's energy transition. Sierra Club opposes the proposed interconnection rule for small generators in this filing. While certainly better than Pepco imposing distribution system upgrades costs on customer-generators with no cost-sharing or reporting framework, the Commission's proposed amendments to the small generator interconnection rules are flawed in both premise and method. The Sierra Club has three primary concerns:

1. requiring small-scale customer-generators to bear the cost of grid upgrades,
2. the continued lack of transparency around the interconnection process, and
3. the perpetuation of an ad hoc approach to grid modernization.

The Costs of Grid Upgrades

First, the cost of grid upgrades should not be placed on individual residents who are seeking to install solar PV systems on their property. The District has codified its renewable energy goals in law and policy, with a goal of obtaining 5.5% of our electricity from solar energy by 2032 and 9% by 2039. Each new proposed rulemaking should be assessed as to whether it furthers those goals or detracts from them. Individual residential solar units are a proven means of increasing solar energy production in a decentralized manner.

These customer-generators support the District's renewable electricity (RPS) targets by incurring the costs and complexity of installation and are a crucial supplement to larger scale solar projects. Pushing the cost of distribution system upgrades onto these customers imposes a risk of dramatic increases in project costs that may deter individuals from installing solar systems at all.

A recent study commissioned by CHESSA estimates that since April 2021, approximately 15% of new systems (approximately 200 annually) are subjected to system size reduction or upgrade costs requirements, averaging \$9,560 per system.¹ These costs are more appropriately financed at the institutional level either through public funding or by the utility with a lower effective cost of capital. To the extent that broader funding is not available as part of a systematic approach to distribution system upgrades, the utility covering these costs (without an arbitrary annual dollar cap, as proposed) and recouping them through a rate base would be preferable to penalizing early adopters who are supporting our District-wide goals.

Transparency

The proposed rulemaking also arises in an environment of high friction and lack of transparency around the interconnection process in general, as well as reports of dramatic increases in the

¹ [DC Residential Solar Concerns](#), filed by the Chesapeake Solar & Storage Association ("CHESSA") on February 17, 2022 in the matter of RM40-2020-1 and Formal Case No. 1050.



number of customer-generators subjected to the Level 2 connection review. The aforementioned CHESSA study surveying solar installers showed a significant uptick in the number of projects receiving system upgrade requirements beginning in April 2021, prior to which time the same installers reported received few, if any, such requirements. The increase has not been explained by Pepco, and the uncertainty created has created customer confusion and project cancellations.²

The proposed rulemaking's reporting requirements are an important first step to creating more transparency around Pepco's system upgrade determinations. Review of the collected data could help assess the aggregate impact of such determinations. But the reporting requirements do not go far enough. The interconnection process needs to be more thoroughly evaluated to ensure that it is conducted in an efficient and equitable manner, and the Commission should investigate the current time and financial costs being imposed on small-scale generators. A framework for making judgments around distribution system upgrades should be part of a larger plan toward grid modernization, made publicly available, and then Pepco should be held accountable for making determinations within that framework.

Modernizing the Grid

Finally, the proposed rulemaking fails to appreciate that adding capacity to our energy grid does not, and should not, occur customer-generator by customer-generator. There should be a systematic approach that incorporates the various anticipated sources of solar input, ensures upgrades are distributed equitably across different neighborhoods and sets definitive timelines for upgrading capacity across the District.

It has been argued that the cost of grid improvements necessary to support some small generator interconnections should not be spread across all ratepayers because the benefit accrues to those small generators alone. This is inaccurate and a narrow view of the benefit. With grid modernization, all circuits, feeders and distribution infrastructure will need to be upgraded to this level of functionality. The improvements and cost will necessarily need to be phased, but the process should be planned out to alleviate the stress on the most congested feeders systematically and transparently. Such a plan should be thoroughly vetted by the public, and include accountability mechanisms for decision making.

With a grid modernization process in place, it would be appropriate for small generators to share costs for interconnection if they seek a faster upgrade to the grid infrastructure than provided for in the grid modernization plan. This would be similar to a permit expedition process, where citizens can "jump the line" for faster service. But in our current environment, the proposed rulemaking reinforces an ad hoc approach to the upgrades, as if they should only be made when absolutely necessary for a given project and when the owner of such a project bears a large share of the cost. This is inconsistent with principles of sound infrastructure design and creates barriers to modernizing our grid and promoting our stated goals around renewable energy.

We call on the Commission to revise the rule in accordance with the above-stated principles, provide further transparency and accountability around the interconnection process, and promote a more systematic approach to grid modernization.

² Ibid.