RECEIVED 2022 MAR 28 5:26 PM

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL

KARL A. RACINE
ATTORNEY GENERAL

Public Advocacy Division
Social Justice Section

ELECTRONIC FILING

March 28, 2022

Ms. Brinda Westbrook-Sedgwick
Public Service Commission
Of the District of Columbia Secretary
1325 G Street, NW, Suite 800
Washington, DC 20005

Re: RM40-2022-01-E -- In the Matter of 15 DCMR Chapter 40 –District of Columbia Small Generator Interconnection Rules.

Dear Ms. Westbrook-Sedgwick:

On behalf of the Department of Energy and Environment, please find its enclosed Comments in Response to the January 28, 2022 Notice of Proposed Rulemaking published by the Public Service Commission of the District of Columbia in the above-captioned proceeding. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

KARL A. RACINE
Attorney General

By: /s/ *Brian Caldwell*
BRIAN CALDWELL
Assistant Attorney General
(202) 727-6211 – Direct

Email: brian.caldwell@dc.gov

cc: Service List

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA**

	)	
In the Matter of 15 DCMR Chapter 40 –	)	
District of Columbia Small Generator	)	**RM40-2022-01-E**
Interconnection Rules	)	
	)	

**DEPARTMENT OF ENERGY AND ENVIRONMENT'S
COMMENTS IN RESPONSE TO PROPOSED RULEMAKING
RM40-2022-01-E**

Pursuant to the Public Service Commission of the District of Columbia's (Commission) Public Notice published in the District of Columbia Register on January 28, 2022, the Department of Energy and Environment (DOEE), on behalf of the District of Columbia Government (the District), respectfully submits these Comments on the Notice of Proposed Rulemaking (NOPR) published by the Commission in the above-captioned proceeding.

I. BACKGROUND

The NOPR proposes amending the Small Generator Interconnection Rules (SGIR) in Chapter 40 of Title 15 of the District of Columbia Municipal Regulations (DCMR). The stated purpose of the NOPR is to respond to complaints regarding distribution system upgrade costs for customer-generators.[1] Subsequent to the NOPR's publication, the Chesapeake Solar and Storage Association (CHESSA) filed a report confirming a sharp uptick in instances of new charges being applied to small rooftop solar systems in the District of Columbia.[2] In consideration of these complaints and the NOPR's proposed changes to the SGIR, DOEE submits the following Comments.

---

[1] RM40-2020-01-E, Commission's Jan. 28, 2022 Public Notice at ¶2.
[2] RM40-2020-01 / Formal Case No. 1050, CHESSA, "DC Residential Solar Concerns." (Feb. 17, 2022).

II. SUMMARY OF COMMENTS

DOEE appreciates the efforts made by the parties, including Pepco, to improve the interconnection process in the District of Columbia. However, much work remains to be done to expedite compliance with the District's local solar mandate and local solar economic development goals. DOEE appreciates the Commission's concern regarding a recent increase in interconnection charges for small rooftop solar systems, and thanks the Commission for proposing additional reporting requirements.

DOEE has consistently opposed interconnection cost sharing for both Net Energy Metering (NEM) systems and Community Renewable Energy Facilities (CREFs).[3] DOEE defines "cost sharing" as costs for interconnection that are allocated partially to the developer and partially to Pepco -- Pepco's costs being ultimately passed on to ratepayers. Instead, DOEE requests that the Commission: 1) increase enforcement of the technical explanation portion of the SGIR to ensure that the upgrades and facilities are needed; 2) improve transparency of interconnection costs; and 3) adopt a model based on best practices by other states to ensure that a customer-generator is responsible only for the proportional costs of the amount of hosting capacity a given Electric Distribution System (EDS) upgrade would unlock.

III. RECENT INCREASES TO INTERCONNECTION COSTS

As outlined by CHESSA's report on "DC Residential Solar Concerns," starting in April of 2021, around 10-17% percent of small residential solar systems began being assessed EDS

[3] Docket No. RM40-2020-01-M / Formal Case No. 1050, DOEE Reply Comments in response to First NOPR, at pg. 12 (Aug. 14, 2020) ("DOEE is willing to support a portion of cost share with ratepayer for CREF upgrades, if (1) significant improvements are made in the transparency and predictability of how the costs are allocated, including the implementation of the public queue; (2) a technical justification for any upgrades and interconnection facilities are provided; and (3) itemized cost letters are provided."). *See also,* RM40-2020-01 DOEE's Comments in Response to Second NOPR, at pg. 10 (Feb. 16, 2021) ("If itemized unit cost letters are not provided to the interconnection customer in the event that interconnection facilities and/or EDS upgrades are required, DOEE can no longer support a cost share framework for CREF projects.")

upgrade charges.[4] These are projects would normally qualify for Level 1 interconnection review, which is intended in the SGIR as a fast-track process. Now, however, these small residential solar systems are having to undergo a more extensive Level 2 interconnection review, which is longer and intended for larger systems.[5] This shifting of projects from Level 1 to Level 2 is undermining the District's efforts to streamline the interconnection process for small systems, including eventual automation of Level 1 interconnections altogether. Further, given that the EDS fell below the Renewable Portfolio Standard's (RPS) 2.5% solar carve-out for 2021,[6] it is unclear how Pepco can justify this sudden increase in upgrade costs when there should be ample capacity on the EDS to accommodate the relatively small load generated by these very small systems.[7] Thus, DOEE recommends that the Commission investigate the root cause(s) of these upgrade cost increases.

IV. COST TRANSPARENCY AND ENFORCEMENT OF EXISTING REGULATIONS

DOEE has previously made clear in working group and rulemaking comments that it does not support interconnection cost sharing without additional cost transparency. DOEE

---

[4] It is DOEE's understanding from conversations with the solar industry that this change was seen across Pepco territory, including in Maryland.

[5] 15 DCMR § 4004.2(g): "If the Interconnection Request requires the construction of Interconnection Facilities or Distribution System Upgrades to accommodate the Small Generator Facility, the EDC shall continue its evaluation using Level 2 procedures, commencing at Subsection 4005.4 (d)(1), and the EDC shall notify the Interconnection Customer that it is continuing its evaluation using Level 2 procedures."

[6] As of the most recent RPS report, there were 165.0 MW of certified solar installed, and the PSC estimates that 178.2 MW will be required to meet the 2021 RPS solar carve-out of 2.5%. D.C. PUB. SERV. COMM'N, RENEWABLE ENERGY PORTFOLIO STANDARDS: A REPORT FOR COMPLIANCE YEAR 2020 iii (May 2021), https://dcpsc.org/PSCDC/media/Images/2021-RPS-report-FINAL-(1).pdf.

[7] Typically, DOEE would not expect to see such constraints at this low level of solar saturation. According to Kristov and DiMartini in DISTRIBUTION SYSTEMS IN A HIGH DISTRIBUTED ENERGY RESOURCE FUTURE: "The Stage 2 DER adoption threshold, based on DER adoption experience in the U.S. and elsewhere, appears to be when DER adoption reaches beyond about 5 percent of distribution grid peak loading system-wide. This level of adoption typically results in pockets of high customer adoption in some neighborhoods and commercial districts, which creates the need for enhanced functionality…" PAUL DE MARTINI AND LORENZO KRISTOV, DISTRIBUTION SYSTEMS IN A HIGH DISTRIBUTED ENERGY RESOURCES FUTURE 9 (2015), https://eta-publications.lbl.gov/sites/default/files/lbnl-1003797.pdf.

continues to support this position and recommends that the Commission prioritize transparent interconnection costs through such measures as: (a) utilization of unit-cost guides; (b) itemized cost letters; and (c) tracking of interconnection costs through the public queue. Until that minimum level of transparency is met, DOEE cannot support interconnection cost sharing because it is currently impracticable to track actual upgrade costs or to substantiate Pepco's purported need for EDS upgrades.

DOEE does support the proposed additional reporting metrics in 15 DCMR § 4005.6. However, DOEE recommends that this section also include the reporting of costs for "interconnection facilities," which are also an important subset of interconnection costs. Additionally, DOEE recommends reporting on the size of projects that are triggering EDS upgrades as well as reporting on any solar hosting capacity that is unlocked by each EDS upgrade.

DOEE also recommends that the Commission amend the public queue language in "Attachment A – Queue Requirements" of the SGIR to include the total costs of EDS upgrades and interconnection facilities. This information would be useful to the Commission, DOEE and other stakeholders to understand how interconnection costs change over time. This information would also be useful for the solar industry and the broader public because they will be better able to account for these costs during project planning.

Presently, application fee costs are the only costs being tracked, which are fairly static and well known. The existing framework does not match best practices put forward by the Interstate Renewable Energy Council (IREC).[8] IREC's Model Interconnection Procedures published in 2019 are included as Attachment A.

[8] IREC, Model Interconnection Procedures (2019), Attachment 8 – Public Queue Requirements.

DOEE recommends that the portions of the SGIR related to cost transparency receive greater enforcement. Level 2 systems require a technical justification for any EDS upgrades.[9] It is DOEE's understanding from conversations with solar developers that the initial cost letters received typically do not provide such a justification. This provision of the rules is important for ensuring that upgrade costs are needed and cannot be avoided using other means (particularly, by relying on advanced inverter functionalities that are commercially available). DOEE recommends that the Commission amend the cost letter portion of the SGIR to ensure that itemized costs for equipment and labor are broken out by unit cost. Disclosure of unit costs would increase the level of transparency by allowing customers and developers to compare Pepco's costs to unit cost guides, such as those published by the National Renewable Energy Laboratory (NREL) or used in California.[10]

V. IMPACT OF CREF COST SHARING IS UNKNOWN

DOEE is not yet aware of the impacts of the cost sharing mechanism instituted for CREF projects. Without data to assess what was intended to be a pilot program by the stakeholders, DOEE finds it premature to adapt the trial cost-sharing mechanism for (nearly all) solar projects. DOEE believes that it is first necessary to assess the overall impact of the policy by tracking interconnection costs over the past 3 years to determine the impact of the new mechanism on CREF costs. DOEE has heard anecdotally from solar developers that the cost-sharing policy may have had an inflationary impact on CREF interconnection costs, which is not the intent of the

[9] 15 DCMR § 4005.4 ("If the EDC requires the construction of Distribution System Upgrades during the Interconnection Request process, the EDC shall provide a technical explanation that reviews the need for the identified facilities and/or upgrades. The EDC shall demonstrate that required functionalities are not satisfied by employing IEEE STD 1547 certified and UL 1741 SA listed equipment.").

[10] NATIONAL RENEWABLE ENERGY LABORATORY, UNIT COST GUIDE, *available at* https://data.nrel.gov/submissions/101; PACIFIC GAS AND ELECTRIC, UNIT COST GUIDE (April 2021), https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/interconnection-renewables/Unit-Cost-Guide.pdf.

policy.[11] Cost-sharing mechanisms must be carefully designed to ensure that ratepayers are not picking up inflated costs for interconnection and that the costs are justified.

VI. BEST PRACTICES FROM OTHER JURISDICTIONS

DOEE recommends that, once additional cost transparency measures have been instituted, that the Commission consider a cost-sharing framework based on best practices from other states, and which would charge customer-generators, as well as CREFs, for only the hosting capacity that is required for them to interconnect. For example, if an EDS upgrade results in 1 MW of additional solar hosting capacity but a project only requires 50 kW, the customer-generator or CREF should only be responsible for 5% of the total upgrade cost. In past comments, DOEE has referenced an NREL report on best practices (included as Attachment B),[12] DOEE believes that the EDS should pay for initial upgrades and receive reimbursement proportional to the hosting capacity required by additional developers who would benefit from a given upgrade.

VII. CONCLUSION

DOEE recommends that the Commission strengthen transparency around the costs of interconnection through amendment and enforcement of the SGIR, and then consider cost

---

[11] See Formal Case No. 1050 / RM40-2020-01, Order No. 20991 (*rel.* Aug. 11, 2021).

[12] RM40-2020-01, DOEE Reply Comments on Second NOPR, pg. 12 (Aug. 14, 2020) ("As DOEE noted in multiple RM-9 Stakeholder Working Group meetings as well as in its Initial Comments, there are other, more equitable cost allocation models available, such as the model used by New York:

> In the New York model, the Interconnection Customer who triggers the upgrade pays 100% of the cost, and 'the share of the costs paid by subsequent developers would be calculated as the ratio of the total upgrade cost compared to the total AC watts the upgrade serves.' A model based on this premise of post-upgrade allocation would promote a non-discriminatory approach.

DOEE believes the New York allocation model or a similar model to be a more equitable approach than the model proposed in the NOPR. The New York model or a similar approach allows upgrade costs to be allocated based on the amount of hosting capacity that is unlocked through the upgrade so that the costs can be distributed in a pro-rated manner.").

sharing based on best practices from other jurisdictions. The District has a legislative mandate to obtain 10% of its electricity from locally generated solar by 2041.[13] Compliance with that mandate requires ensuring that local solar be interconnected through a process that is streamlined, transparent, and not overly burdensome. DOEE does not support the cost sharing framework as proposed in this NOPR.

[13] D.C. Code § 34-1432(c)(31).

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of March 2022, I caused true and correct copies of the Department of Energy and Environment's Comments Response to the Commission's January 28, 2022 Notice of Proposed Rulemaking to be emailed to the following:

Merancia Noelsaint, Esq.
General Counsel
Public Service Commission
1325 G Street, N.W.
Suite 800
Washington, D.C. 20005
mnoelsaint@psc.dc.gov

Thaddeus Johnson, Esq.
Assistant People's Counsel
Office of the People's Counsel
1133 15th Street, N.W.
Suite 500
Washington, D.C. 20005
tjohnson@opc-dc.gov

Andrea Harper, Esq.
Potomac Electric Power Company
701 9th Street, NW
Suite 1100, 10th Floor
Washington, D.C. 20068
aHHarper@pepcoholdings.com

Nina Dodge
DC Climate Action
6004 34th Place NW
Washington DC 20015
ndodge432@gmail.com

Eric Wallace, Esq.
GreeneHurlocker
4908 Monument Ave.
Richmond, VA. 23230
ewallace@greenehurlocker.com

/s/ Brian Caldwell
Brian Caldwell