

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL

ATTORNEY GENERAL
BRIAN L. SCHWALB



Public Advocacy Division
Social Justice Section

ELECTRONIC FILING

May 1, 2023

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

Re: Formal Case No. 1050 – In the Matter of the Investigation of the Implementation of Interconnection Standards in the District of Columbia.

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

ET2023-01 – In the Matter of the Petition of the Potomac Electric Power Company to Approve a Tariff Changes for 20 kW and Below Residential Solar NEM Interconnections.

Dear Ms. Westbrook-Sedgwick:

On behalf of the Department of Energy and Environment, please find its enclosed Comments in Response to the April 11, 2023 Public Notice in the above-captioned proceedings from the Public Service Commission of the District of Columbia seeking comments from interested persons on the Potomac Electric Power Company's Petition for changes to its Small Solar Interconnection Tariff. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,
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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA**

In the Matters of:

**The Investigation of the)
Implementation of Interconnection) Formal Case No. 1050
Standards in the District of Columbia)**

and

**The Investigation of the Investigation of)
the Implementation of Interconnection) RM40-2023
Standards in the District of Columbia)**

and

**The Petition of the Potomac Electric Power)
Company to Approve a Tariff Change For) ET2023-01
20 kW and Below Residential NEM Solar)
Interconnections)**

**DEPARTMENT OF ENERGY AND ENVIRONMENT’S
COMMENTS IN RESPONSE TO PETITION OF POTOMAC ELECTRIC POWER
COMPANY TO APPROVE A TARIFF CHANGE FOR 20 kW AND BELOW
RESIDENTIAL NEM SOLAR INTERCONNECTIONS**

Pursuant to the Public Service Commission of the District of Columbia’s (Commission) April 11, 2023 Public Notice, the Department of Energy and Environment (DOEE) respectfully submits these Comments on the above-captioned matters regarding the Potomac Electric Power Company’s (Pepco) Petition to Approve a Tariff Change for 20kW and Below Residential NEM Solar Interconnections (Petition).

I. BACKGROUND

On April 4, 2023, Pepco filed its Petition requesting approval of modifications to its tariff Rider-NEM (Petition) to require prospective Residential Net Energy Metering (NEM) customers seeking to interconnect solar generators 20kW or smaller (“Qualifying NEM Customers”) to pay

a flat System Upgrade Fee of \$280.00 regardless of whether the interconnecting customer would otherwise be charged a distribution system upgrade or interconnection facility cost.¹ On April 11, 2023, the Commission issued a Public Notice requesting comments from interested persons on Pepco's Petition. In response, DOEE hereby submits the following comments.

II. OVERVIEW

DOEE appreciates the efforts made by the parties, including Pepco, to improve the interconnection process in the District of Columbia. Unfortunately, despite these efforts, much work remains to be done to expedite compliance with the District's local solar mandate and local solar economic development goals. Pepco's Petition claims to "streamline the interconnection process and lower overall distribution system interconnection costs for customers that are applying to interconnect certain small generators to Pepco's system."² However, the Petition does not provide an explanation for why the upgrade fees are needed in the first place, nor does it provide sufficient detail on how the proposed Tariff would streamline the interconnection process beyond the elimination of cost letters. The solar interconnection issues for both residential rooftop solar installations and Community Renewable Energy Facilities (CREFs) include: (1) delays in Pepco issuing Authorizations to Operate and to Interconnect; (2) unexpected fees; (3) lack of cost transparency for purportedly necessary distribution system upgrades; and (4) lack of a predictable, consistent interconnection process. These issues are all well documented in Formal Case No. 1050. Unfortunately, aside from unexpected fees, Pepco's Petition does little to address any of the other pervasive interconnection problems which are limiting the deployment of solar energy in the District.

¹ Petition, pgs. 1-2.

² *Id.* at pg. 1.

DOEE recommends that the Commission prioritize transparent interconnection costs, which the Petition does not sufficiently address. DOEE has previously made clear in working group and rulemaking comments that it does not support interconnection cost sharing without additional cost transparency.³ Once additional cost transparency measures have been instituted, DOEE could potentially support Pepco's proposed cost-sharing framework. DOEE also notes that there are cost-sharing best practices from other states that should be reviewed prior to implementing a cost-sharing solution. Pepco could consider charging customer-generators, as well as CREFs, an appropriate share of costs for only the hosting capacity that is required for them to interconnect (provided Pepco becomes transparent about its costs). DOEE recommends that the Commission—in conjunction with measures to ensure interconnection timeline transparency and efficiency—consider cost-sharing mechanisms for CREF systems, which are not covered by the current proposal.

The Commission has yet to reconvene the Advanced Inverter Working Group since its April 8, 2022 meeting was postponed by the Commission.⁴ DOEE believes this Working Group could have been, and could still be, a forum to investigate these interconnection issues and formulate solutions based on best practices. Best practices from other jurisdictions could reveal other options or models for addressing the issues identified. A Working Group could recommend a more holistic approach to dealing with interconnection and grid hosting capacity issues rather than simply addressing the narrow issue of cost allocation for residential solar systems.

³ See e.g. Docket No. RM40-2020-01-M / Formal Case No. 1050, DOEE Reply Comments in response to First NOPR, at pg.12 (Aug. 14, 2020); and RM-40-2020-01-M, DOEE Comments in Response to Proposed Rulemaking RM40-2022-01-E, at pgs. 3-5 (March 28, 2022).

⁴ RM40-2020-01-E / Formal Case No. 1050, Public Notice (April 5, 2022).

III. COST TRANSPARENCY AND JUSTIFICATION

Pepco's Petition claims to address the cost of system upgrades which can be triggered by individual residential solar installations. However, the Petition does not address the report filed by the Chesapeake Solar and Storage Association (CHESSA) which documents the sudden uptick in new charges for small rooftop solar systems in April 2021.⁵ The Report explains that prior to April 2021, few residential solar installers received system upgrade requests and requirements to downsize. Additionally, in 22% of the reported cases documented, Pepco dropped the requirement of downsizing or upgrading in the process of preparing a cost letter.⁶ In previous comments, DOEE has argued that it is unclear how Pepco can justify this sudden increase in upgrade costs when there should be ample capacity on the Electric Distribution System (EDS) to accommodate the relatively small load generated by these very small systems, especially given that the EDS fell below the Renewable Portfolio Standard's (RPS) 2.5% solar carve-out for 2021.⁷

The process through which Pepco determines which systems require upgrades is still opaque, and their Petition does not provide any further transparency or justification. This opacity means that it is unclear which EDS upgrades would be accommodated under this new tariff structure compared to the existing approved EDS upgrade baseline, and further how those upgrades would support additional solar hosting capacity on the EDS, particularly to serve the residential market in the District of Columbia.

Previous reporting by the Washington Post on the cost letter issue for residential solar customers had identified a cluster of customers in the Mount Pleasant neighborhood who were

⁵ *Id.* CHESSA Report Detailing D.C. Residential Solar Interconnection Concerns (Feb. 17, 2022).

⁶ *Ibid*

⁷ RM-40-2020-01-M, DOEE Comments in Response to Proposed Rulemaking RM40-2022-01-E, at pg. 3 (March 28, 2022).

receiving the cost letters that prevented them from getting residential solar.⁸ If the grid hosting capacity issues are localized, Pepco should be able to provide detail at a feeder level on which residential feeders are oversubscribed or likely to become oversubscribed in the near future and which upgrades are necessary to address the hosting capacity constraints.

Additionally, the study of small generator costs that Pepco cites in the Petition is based on a one-year timeframe between April 1, 2021 and March 31, 2022.⁹ It is curious that April 2021 is the month Pepco chose as the start for its study because this is the same month and year that the upgrade fees began ticking up without explanation (and the fees were often later dismissed by Pepco themselves at the cost letter stage, as described above). Once again, DOEE recommends that the Commission investigate the root cause(s) of these upgrade cost increases before approving a new fee that will impact all NEM solar customers and ratepayers.

IV. UNRESOLVED INTERCONNECTION ISSUES

As mentioned at the outset, while Pepco's Petition addresses the issue of unexpected interconnection fees, it does not satisfactorily address other interconnection concerns identified by DOEE. If the Commission is going to allow Pepco to incorporate this \$280 fee in its interconnection process, then it should demand that Pepco demonstrate incremental benefits that solar customers can expect to receive in return. For example, Pepco's Petition does not explain how the funds from the new fees will be used to tangibly improve historic delays with the interconnection process or to boost EDS solar hosting capacity. At a minimum the Commission should strictly enforce its interconnection timelines and consider increasing penalties for Pepco's noncompliance with these timelines.

⁸ <https://www.washingtonpost.com/dc-md-va/2022/02/23/dc-solar-panels-pepco-fees/>

⁹ Petition, at 5.

In addition, there is a lack of transparency as to Pepco's actual need for system upgrades to accommodate broader integration of solar on a localized circuitry basis. For example, Pepco's Petition does not discuss or compare alternatives to system upgrades such as Smart Inverters or Non-Wires Alternatives such as front of the meter battery storage that could perform the same function as expensive system upgrades at a lower cost and with greater flexibility. The Commission should require Pepco to disclose data that would make these comparisons possible.

V. CONCLUSION

The Commission should not approve the Pepco's Petition as is. The Commission should require Pepco to provide much greater detail on how its proposal to charge all interconnection customers a \$280 fee will provide tangible, incremental benefits that will improve the customers' interconnection experience.

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of May 2023, I caused true and correct copies of the Department of Energy and Environment's Comments in Response to the Commission's April 11, 2023 Public Notice to be emailed to the following:

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