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November 16, 2020

By Electronic Filing

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

Re: FORMAL CASE NO. 1166, IN THE MATTER OF THE INVESTIGATION INTO ENERGY STORAGE AND DISTRIBUTED ENERGY RESOURCES IN THE DISTRICT OF COLUMBIA

Dear Secretary Westbrook-Sedgwick:

Enclosed please find the comments of the Maryland-DC-Delaware-Virginia Solar Energy Industries Association ("MDV-SEIA") in the Matter of the Investigation into Energy Storage and Distributed Energy Resources in the District of Columbia. MDV-SEIA is the official trade association of the solar industry in the District of Columbia, representing over 1,000 solar energy workers and dozens of D.C.-based solar energy firms. Please feel free to contact me if you have any further questions.

Sincerely,

David Murray
Executive Director
MDV-SEIA

BEFORE THE
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

In the Matter of the Investigation into	**)**	
Storage and other Distributed Energy	**)**	**FC1166**
Resources in the District of Columbia	**)**	
	)	

THE MARYLAND-DC-DELAWARE-VIRGINIA SOLAR ENERGY INDUSTRIES ASSOCIATION COMMENTS IN RESPONSE TO COMMISSION NOTICE OF INQUIRY FC1166-2020-E-1

COMMENTS

In order for this local industry to continue to thrive, to add stability to the market, and for the District of Columbia (District) to achieve its ambitious clean energy and sustainability goals, it is imperative that The Public Service Commission of the District of Columbia (Commission) limit the utility's ownership of energy storage devices and other distributed energy resources (DERs), particularly Solar PV. Instead, the utility should continue to facilitate the rapid implementation of DERs through improved interconnection processes and investments in distribution system upgrades to enable interconnection. These investments could incorporate grid modernization measures to boost hosting capacity and allow for exporting renewable energy generation onto the District's complex Spot/Area (LVAC) Networks.

After electricity deregulation in 1999, Pepco divested from generation and became a transmission-and-distribution-only (T&D) company. According to the Retail Electric Competition and Consumer Protection Act (1999 Act), electric companies are restricted from owning generation facilities in the District for the purposes of selling retail electricity. This prohibition should be extended to all storage and generation assets both behind and in front of the

meter. Allowing a utility company who is able to realize a regulated rate of return to compete against entities who are unable to realize a regulated rate of return would cause immediate and irreparable harm to our members and would be fundamentally destructive to the current marketplace. MDV-SEIA estimates this marketplace has attracted nearly $500 million of private sector capital into the District of Columbia for investments into solar generators alone, and this private sector investment has accelerated exponentially in the past three years and is expected to continuing growing at an accelerated rate.

Similarly, the commencement of the District's solar energy industry deregulation has created over 1,000 district based solar jobs, which will be put at risk should the utility become eligible to encroach on marketplace fundamentals such as ownership of storage or generation assets. Moreover, when the marketplace is healthy and competitors are forced to play among the same rules, competition fundamentally drives down costs for ratepayers.

In addition, many experts, including former Federal Energy Regulatory Commission Chair Jon Wellinghoff believe that utilities competing against private providers exposes shareholders to unnecessary risk. Utilities should instead "host" the "grid marketplace" and "allow third parties to bear the risk of selling DER to end customers," according to a recent Wellinghoff op-ed. Investments in the infrastructure that create this marketplace should be the focus of the utility.

The Commission has recently recognized the importance of decarbonizing the electric distribution system and a commitment to the District's carbon reduction goals by directing the utility to engage in a power purchase agreement (PPA) with a utility scale renewable energy provider to supply its Standard Offer Service (SOS) customers. Should the electric utility require specific distributed generation assets, this method of procurement is far superior to utility ownership as it leverages the strong suites of both types of stakeholders: an investment grade counterparty in the case of the

utility who can remain focused on grid management while the competitive private market is incentivized to deliver the highest value at the least cost. On the other hand, utility ownership will stifle competition and erode the private marketplace; ultimately resulting in higher costs to ratepayers. Likewise, it is important to note that the one does not even need to implement regulations that enable the utility ownership of distributed generation assets to damage the market; without a decisive rebuke of such a framework private capital will be forced to price such a risk into their District-based distributed generation assets thereby reducing benefits to ratepayers.

Lastly, one cannot overlook the inherent conflict of interest in a structure in which the utility controls the interconnection rules and process for its own distributed generation assets as well as competitive distributed generation assets.

On the other hand, MDV-SEIA strongly supports the implementation of rules to facilitate the deployment of Advanced Inverters, streamline interconnection processes (particularly for Community Renewable Energy Facilities, "CREFs"), reduce costs to consumers, and increase visibility and transparency in interconnection studies and reviews. Updated interconnection rules that accelerate – rather than delay – integration of distributed energy resources are essential to building a more consumer-centric, affordable, and resilient energy delivery system fueled by renewable energy. It is imperative that any changes to these rules, processes, methods, material practices and standards are thoroughly reviewed, vetted and approved by the commission with necessary stakeholder input.

The District of Columbia is well-positioned to become *the* national leader in equitable deployment of DERs like solar and battery storage.] Prohibitive interconnection costs of larger solar projects, a lack of distribution circuit visibility, and outdated interconnection application

timelines are key obstacles that must be addressed to better facilitate the integration of more DERs, build a more resilient energy delivery system, and lower costs for residents in the District.

Priorities of MDV-SEIA:

- **VCREF** – The solar industry believes that the integration of Virtual Community Renewable Energy Facilities ("VCREF") is the fastest and most efficient method for CREF interconnection. VCREF incorporates a behind-the-meter Net Energy Metered (NEM) interconnection method, with a CREF bill crediting scheme, eliminating the need for time and cost-intensive "direct" interconnection of a solar array. This process should be consistent in the Small Generator Interconnection Rules (SGIR). The Commission recently amended the language in DCMR Section 15-906.1(a) to "eliminate the requirement that a [CREF] be directly connected with the Electric Company's distribution system."[1] This change paved the way for VCREF interconnections. MDV-SEIA supports this action and thanks the Commission for this revision. The next step is the wide implementation of VCREF interconnection. Several "pilots" have been in process and are approaching their successful conclusion. The utility should quickly incorporate its learnings from these "pilots" and expand the program without delay.
- **Timelines** – The solar industry supports the harmonization of CREF interconnection timelines with those of the SGIR. Clear, achievable, and actionable timelines are imperative. A mechanism of incentivizing the Utility to hold timelines, with penalties for missing deadlines, should be established. This includes interconnection of both CREF and NEM interconnection, particularly those on Spot/Area (LVAC) Networks and Distribution Automation (DA) feeders. These timelines have become protracted and debilitating to solar developers and their customers.

- **Costs** – The solar industry focuses on keeping interconnection costs as low as possible to increase the likelihood of future development. High costs hurt not only solar developers but also D.C. solar customers and ratepayers, ultimately jeopardizing the District's ambitious clean energy and equity goals. Cost transparency allows businesses to plan for future projects and on-the-ground work.
    - Transparency – a clear and transparent breakdown of costs ensures accountability, necessity, and prudency of costs for CREF and network interconnection.
    - Rate-basing Distribution System Upgrades:
        - Back-bone interconnection costs for CREFs – the "rate-basing" of back-bone costs make projects more affordable, streamlines interconnection, and directly benefits the grid in underserved Wards (5,7 & 8), as solar development is concentrated in these communities.
        - Distribution System Upgrades (Communications/Telemetry) on Spot/Area (LVAC) Networks and Distribution Automation (DA) feeders – new requirements for interconnection on the spot and area networks and DA feeders is shifting undue burden to solar developers and customers. Such upgrades are essentially grid modernization components and should be socialized for the benefit of the grid as a whole. Alternatively, as previously mentioned, interconnection and exporting of generation on these complex networks could be looked at holistically. Rather than ad hoc requirements and charges grid-wide upgrades could be considered, like "smart network protectors" to allow back-fed generation.

Beyond the need for identifying the types of interconnection and grid modernization investments is an emphasis on ensuring that we are investing in the right places. A significant percentage of investments in behind-the-meter solar and storage should be directed specifically for systems benefiting the health, safety, and energy savings of low- and moderate-income households to promote a more equitable distribution. Investments here would not mean utility ownership and may not mean direct investment by utilities, but investment of internal capacity, personnel, processes, outreach, etc. Many MDV-SEIA members already invest significantly in LMI communities and continued attention through programs like Solar for All can ensure that we are focusing our collective efforts where they are needed most.

In conclusion, we ask the commission to continue to put the goals of the District and its thriving renewable energy market, forward-thinking organizations, and resilient communities.

Thank you for this opportunity to comment.

Sincerely,

David Murray
Executive Director
MDV-SEIA