

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005**

ORDER

September 19, 2018

**RM-40-2017-01, IN THE MATTER OF 15 DCMR CHAPTER 40 — DISTRICT OF
COLUMBIA SMALL GENERATOR INTERCONNECTION RULES**

and

**FORMAL CASE NO. 1050, IN THE MATTER OF THE INVESTIGATION OF
IMPLEMENTATION OF INTERCONNECTION STANDARDS IN THE DISTRICT OF
COLUMBIA, Order No. 19676**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) establishes a RM9 Net Energy Metering Working Group to address: (1) system upgrade costs related to the interconnection of community renewable energy facilities (“CREFs”); and (2) to review the Commission’s Net Energy Metering Rules and propose CREF-specific rule changes for the Commission’s consideration. The Commission directs Staff to issue a Public Notice convening the RM9 Net Energy Metering Working Group within 30 days of the date of this Order. Additionally, the Commission directs that the Non-wires Alternatives (NWA) to Grid Investments working group, established by Order No. 19432 in the *Formal Case No. 1130* docket, shall consider utility ownership of energy storage devices and other distributed energy resources (“DERs”). The NWA working group shall submit its recommendation on the subject to the Commission for consideration with its final working group report.

II. BACKGROUND

2. On February 17, 2017, the Commission issued a NOPR proposing to amend Chapter 40 of Title 15 of the DCMR.¹ Initial and reply comments were due on April 2 and April 18, 2017, respectively. Subsequently, the Commission, in a Notice of Extension,² extended the comment deadlines on the NOPR to May 3 and May 18, 2017, respectively. Initial and reply

¹ *RM40-2017-01, In the Matter of 15 DCMR Chapter 40 – District of Columbia Small Generator Interconnection Rules (“RM40-2017-01”)* and *Formal Case No. 1050, In the Matter of the Investigation of Implementation of Interconnection Standards in the District of Columbia (“Formal Case No 1050”)*, Notice of Proposed Rulemaking (“First NOPR”), rel. Feb. 17, 2017.

² 64 D.C. Register 4069 (April 28, 2017) (“Notice of Extension”).

comments were only filed by the Office of People's Counsel for the District of Columbia ("OPC")³ and the Potomac Electric Power Company "Pepco".⁴

3. After synthesizing the comments filed on the First NOPR, Staff recommended that a Second NOPR be issued so that interested persons could further comment on the proposed changes to the Commission's interconnection rules. On October 6, 2017, the Second NOPR was issued in the *D.C. Register* providing for an initial and reply comment period of thirty (30) and fifteen (15) days, respectively. On October 25, 2017, OPC filed a motion for an extension of time to file initial and reply comments to December 1, 2017 and December 22, 2017, respectively.⁵ OPC's Motion was granted.⁶

4. Initial comments on the Second Interconnection NOPR were filed by Pepco, OPC, WGL Energy, District Department of Energy and Environment "DOEE", Peer Consultants, P.C., Sunrun, Inc., and Solar Consortium.⁷ Reply comments were filed by Pepco, OPC, and New Columbia Solar ("New Partners"), Groundswell and Pranay P. Kohli.⁸

³ *RM40-2017-01 and Formal Case No. 1050*, Initial Comments of the Office of the People's Counsel for the District of Columbia Regarding the Notice of Proposed Rulemaking Containing Proposed Amendments to Chapter 40 of Title 15 of the District of Columbia Municipal Regulations, May 3, 2017 ("OPC's Initial Comments"); *RM40-2017-01*, Reply Comments of the Office of the People's Counsel for the District of Columbia Regarding the Notice of Proposed Rulemaking Containing Proposed Amendments to Chapter 40 of Title 15 of the District of Columbia Municipal Regulations, filed May 18, 2017 ("OPC's Reply Comments").

⁴ *RM40-2017-01 and Formal Case No. 1050*, Initial Comments of the Potomac Electric Power Company, filed May 3, 2017 ("Pepco's Initial Comments"); *RM40-2017-01 and Formal Case No. 1050*, Reply Comments of Potomac Electric Power Company, filed May 18, 2017 ("Pepco's Reply Comments").

⁵ *RM40-2017-01 and Formal Case No. 1050*, Office of the People's Counsel for the District of Columbia's Motion for Enlargement of Time to Submit Comments regarding October 6, 2017 Notice of Proposed Rulemaking, filed October 25, 2017 ("OPC's Motion"). See also ERRATA to OPC's Motion, filed October 26, 2017.

⁶ *RM40-2017-01 and Formal Case No. 1050*, Order No. 19156, rel. October 26, 2017.

⁷ *RM40-2017-01*, Potomac Electric Power Company Initial Comments, filed December 1, 2017 (Pepco's Comments); *RM40-2017-01*, Office of the People's Counsel Initial Comments, filed December 1, 2017 (OPC's Comments); *RM40-2017-01*, Washington Gas Light Company Energy Comments, filed December 1, 2017 ("WGL Energy's Comments"); *RM40-2017-01*, Department of Energy and Environment Comments, filed October 26, 2017 ("DOEE's Comments"); *RM40-2017-01*, Peer Consultants, P.C., filed October 27, 2017 ("Peer Consultants' Comments"); *RM40-2017-01*, Sunrun, Inc. Comments, filed December 1, 2017 ("Sunrun's Comments"); and *RM40-2017-01*, Solar Consortium, filed October 26, 2017 ("New Partners' Comments").

⁸ *RM40-2017-01*, Potomac Electric Power Company Reply Comments, filed December 22, 2017 (Pepco's Reply Comments); *RM40-2017-01*, Office of the People's Counsel Reply Comments, filed December 22, 2017 (OPC's Reply Comments); *RM40-2017-01*, Groundswell, WinnCompanies, and Eco Capitol Solar Reply Comments, LLC, filed November 13, 2017 ("Groundswell's Reply Comments"); *RM40-2017-01*, New Columbia Solar Reply Comments, filed December 22, 2017 ("New Columbia Solar's Reply Comments"); and *RM40-2017-01*, Pranay P. Kohli Reply Comments, filed November 15, 2017. The summary of comments from "New Partners" includes the comments of the National Housing Trust, Solar United Neighbors, MDV-SEIA, Ipsum Power, Honeydew Energy Advisors, Ethos Strategic Consulting, GRID Alternatives, and New Columbia Solar.

5. Upon initial review of the comments filed in response to the Second NOPR, Staff recommended holding a technical conference to provide a forum for stakeholders to discuss issues raised in comments. On April 23, 2018, the Commission issued a Public Notice scheduling a two-part technical conference for May 17, 2018. At the technical conference, stakeholders discussed issues raised regarding distribution system upgrade costs⁹ imposed on community renewable energy facility (“CREF”) developers pursuant to 15 DCMR § 4008.13 as well as broader interconnection-related issues.¹⁰

6. Staff filed a detailed Technical Conference Report on June 1, 2018.¹¹

7. The Commission intends to have a Third NOPR in this matter, revising the rules pursuant to comments filed and lodged at the Technical Conference, will be published in the *D.C. Register*. However, several of the comments raised require action outside the context of the working group.

III. DISCUSSION

8. While the Third NOPR provides proposed revisions to the Commission’s interconnection rules pursuant to comments filed in the *Formal Case No. 1050* docket on the first two interconnection NOPRs as well as comments lodged during the Technical Conference, several of the issues raised require action outside the context of the NOPR process. Those comments include: (1) the consensus recommendation that the Commission should convene a working group to address, among other things, the allocation of system upgrade costs and other changes to the Commission’s Net Energy Metering rules to facilitate the interconnection of CREFs; and (2) stakeholder consideration of utility ownership of energy storage systems. The comments raised related to these issues and the Commission’s decisions are discussed in detail below.

A. CREF Issues

9. Many comments responsive to the Second NOPR raised issues related to the high interconnection costs and the process uncertainties associated with interconnecting CREF systems. DOEE asserted that distribution upgrade costs associated with community solar are unpredictable and lack sufficient information (for the CREF) to allocate and collect costs from future Electric Distribution Company (“EDC”) customers who will use the upgrades. In its reply comments,

⁹ *RM40-2017-01 and Formal Case No. 1050*, Meeting Minutes of the May 17th Technical Conference, filed June 1, 2018. According to the Meeting Minutes, DOEE confirmed that implementation costs and system upgrade costs for CREFs in the Solar for All Programs are covered by DOEE grants.

¹⁰ *RM40-2017-01, Formal Case No. 1050, and RM9-2015-01, In the Matter of 15 DCMR Chapter 9 – Net Energy Metering – Community Renewable Energy Amendment Act of 2013 (“RM9-2015-01”)*, Public Notice May 17, 2018 Technical Conference, issued April 23, 2018. In the Technical Conference, Pepco states that 45 CREFs are in various stages of development. In the July 10, 2018 Semi-Annual CREF Report, Pepco reports 9 operational CREFs which enabled the provision of customer credits within the District.

¹¹ *RM40-2017-01, Formal Case No. 1050, and RM9-2015-01*, Technical Conference Meeting Minutes, filed June 1, 2018.

Pepco states that the small generator interconnection rules that work well for non-CREF small generator facilities are insufficient for CREFs.

10. During the Technical Conference, Pepco indicated that the normal timeline for new service was 90-100 days, and that the 20 days to complete the EDC evaluation was inadequate, as stipulated in the NOPR.

11. Pepco recommends that the Commission establish separate rules for the non-CREF small generator facilities based on further working group discussions. Once the Interconnection Rules are finalized in *Formal Case No. 1050*, Pepco suggests that the Commission issue a new notice of proposed rulemaking specific to CREFs and use these final rules as the basis for comment. The stakeholders present during the Technical Conference agreed with this approach. The Commission notes WinnCompanies' reply comments submitted on May 25, 2018, indicate that the current Level 2, 3, and 4 rules and procedures can work for CREFs, and that with the pending sunset of the Federal Investment Tax Credits it is critical that near-term CREF projects continue to receive timely evaluation and approval for interconnection.¹² WinnCompanies adds that there is insufficient evidence that CREFs need their own interconnection process.

12. While the Commission recognizes WinnCompanies' position that the Second NOPR could be modified to accommodate CREF interconnection requests, there is more support for the development of CREF-specific interconnection rules. Therefore, by this Order we direct the establishment of a RM9 Net Energy Metering ("NEM") working group to allow stakeholders to collaboratively develop a CREF NOPR. The RM9 NEM working group can address a host of issues including, but not limited to, CREF interconnection timelines, costs, cost allocation, and other technical issues. Until these CREF-specific rules for interconnection are developed, the interconnection rules currently in force shall apply to any CREF interconnection request. The Commission directs Staff to issue a Public Notice convening the RM9 Net Energy Metering Working Group within 30 days of the date of this Order.

B. Utility Ownership of Energy Storage Systems

13. In its comments on the First NOPR, Pepco requests that the Commission clarify that "the scope of energy storage services envisioned includes utility-owned storage in order to promote a more reliable and resilient distribution system, overall system efficiency, and lower costs to customers."¹³ In its Reply Comments, OPC disagrees with Pepco's proposed change to the definition of "energy storage" to allow for utility ownership of energy storage resources.¹⁴ OPC contends that some "forms of energy storage are not necessarily a part of prudent operation of the electric distribution system." For example, "energy storage that is used to arbitrage energy markets over the span of hours or used to alter the capacity obligations of the EDC, while potentially economically prudent, are not traditionally considered a necessary component of the

¹² *RM40-2017-01, Formal Case No. 1050, and RM9-2015-01*, WinnCompanies Technical Conference Notes, filed May 25, 2018.

¹³ Pepco's Initial Comments at 2.

¹⁴ Pepco's Initial Comments at 3.

electric distribution system,” which could allow the EDC to limit the allowable types of energy storage.¹⁵

14. The Commission believes that the ownership issue is outside the scope of this NOPR and directs that the issue of whether Pepco can own energy storage facilities be moved to the “Non-wires Alternatives to Grid Investments” working group established in the MEDSIS proceeding (*Formal Case No. 1130*) by Order No. 19432.¹⁶ The working group should consider the issue, as well as whether the utility can own other forms of DERs, and submit a recommendation to the Commission with its final working group report.

THEREFORE, IT IS ORDERED THAT:

15. A RM9 Net Energy Metering Working Group is established to address: (1) system upgrade costs related to the interconnection of community renewable energy facilities and (2) to review the Commission’s Net Energy Metering Rules and propose CREF-specific rule changes for the Commission’s consideration;

16. Staff shall issue a Public Notice convening the RM9 Net Energy Metering Working Group within 30 days of the date of this Order; and

17. The Non-wires Alternatives to Grid Investments working group, established by Order No. 19432 in the *Formal Case No. 1130* docket, shall consider utility ownership of energy storage devices and other distributed energy resources and shall submit its recommendation on the subject to the Commission for consideration with its final working group report.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

¹⁵ OPC’s Reply Comments at 12-13.

¹⁶ *Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability*, Order No. 19432, rel. August 9, 2018.