

**RM9-2015-01: Third Working Group Meeting
1325 G Street, N.W., Suite 800
Washington, D.C. 20005**



RM9-2015-01, IN THE MATTER OF 15 DCMR CHAPTER 9 — NET ENERGY METERING- COMMUNITY RENEWABLE ENERGY AMENDMNET ACT OF 2013

**THIRD WORKING GROUP
MEETING MINUTES**

Meeting Commencement

Pursuant to Order Nos. 19676 and 19692, the Public Service Commission of the District of Columbia (“Commission”) convened the third Rulemaking (“RM”) 9 Net Energy Metering (“NEM”) working group meeting on Thursday April 22, 2019, in the Commission’s Bowman Conference Room, to further discuss: (1) systems upgrade costs and community renewable energy facilities (“CREFs”); and (2) whether individual behind-the-meter (“BTM”) NEM projects should exceed the current 100% generation threshold.

Attendees

Sign-in Sheet (see Attachment 1)

Issues Discussed

Agenda (see Attachment 2)

Adjournment

The working group adjourned at 12:55 p.m.

Synopsis of Issues Discussed

- **Status of CREF Rules Strawman Process & Pepco’s Cost Proposal**
 - Pepco discussed the status of the CREF strawman rules focusing on how to deal with timing, cost, and accuracy.
 - Regarding the CREF cost issue - Pepco proposed treating CREFs like all other new service customers, allowing the materials for system upgrade costs to be socialized amongst all ratepayers if the CREF developer followed Pepco’s least-cost design plan, refraining from making any customizations. The labor cost and

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the service line drop would still be the responsibility of the developer. Also, if the developer wanted to customize the design, it would be responsible for the materials cost for the portion that diverged from Pepco's design. In exchange, CREFs will be identified as customers, which will allow Pepco to bill the subscriber organization the fixed customer charge and for their minor energy usage.

- In response, New Columbia noted a new CREF is assigned an account and receives a monthly bill that is zeroed-out. New Columbia asked whether the bill Pepco proposes will be similar to the bill the CREFs already receive?
- Pepco responded that it will provide a hypothetical CREF bill, that will include the customer charge, with the positive kWh cost.
- Staff pointed out that the current zeroed-out CREF bill categorizes CREFs as residential accounts rather than commercial accounts.
- Staff asked whether the customer charge and kWh costs charged under Pepco's proposal be shared amongst all of the CREF subscribers?
- Pepco reiterated that the cost would be charged to the CREF subscriber organization not the individual CREF subscribers. However, one CREF may have multiple customer charges due to multiple interconnections. Pepco noted that the CREF developer and subscriber organization would have to work out how to cover the fixed customer charge costs in their private contract.
- Staff asked who will pay for system upgrades? Pepco stated, rate payers, but noted that when it comes to the bill, subscriber organization will pay the monthly customer charge.
- Staff asked whether the same upgrade costs Pepco proposes to socialize in DC are also socialized in other jurisdictions, like Jersey or Maryland? Pepco stated that it is not sure how they treat their commercial ratepayers.
- OPC asked how socializing the cost would impact a typical residential ratepayer's bill given the growing amount of CREFs expected to come onto the system in the next few years? Pepco responded that it can provide estimates but that it will have to report back to the group.
- Staff asked, how much is the typical kWh costs for a CREF and whether stakeholders agree that this charge should be borne by the subscriber organization?
- OPC noted that it will review and get back to the group on whether it agrees with that proposal. DOEE stated that it is interested in seeing the matrix, for full transparency.
- DOEE also noted that as we discuss RM9 issues, it is important to consider including incentives for optimizing the locational value of CREF development, potentially incorporating price signals for areas where CREFs are located.
- Pepco state the locational value issue is not directly related to their proposal which is focused on providing a way to make interconnecting and financing CREF projects move quickly and efficiently through the process.
- New Columbia also noted that developers already consider various factors when citing CREFs, including the locational value of the CREF.

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- DOEE asserted that there are no incentives for developers to use the cheapest option.
- Sol Systems noted that they look at the hosting capacity map provided on Pepco's website and try to build CREFs in areas that are not constrained.
- Staff asked DOEE if it had any proposals for how to incentivize locational value as it pertains to the development of the CREF rules. DOEE said it did not at that time.
- New Columbia asked whether Pepco's proposal for socializing system upgrade costs for CREFs would align the treatment of CREFs to a new service for other commercial customers? Pepco noted that is one of the goals of their proposal.
- Staff asked whether stakeholders will be able to provide input on Pepco's pricing matrix? Pepco stated that a general structure is being developed and that it will be circulated to stakeholders when it is closer to completion.
- Commission Staff asked, what will happen to existing CREFs? Will they also be treated as customers and charged a customer charge? Or will Pepco's proposal only apply to new CREFs?
- Pepco responded that they are still considering how to handle existing CREFs but noted that those CREFs already paid the system upgrade costs, so it may be inappropriate to make them a customer so that they can share in the system development costs like all other customers. Pepco concluded that the decision will ultimately be the Commission's to make.
- Staff also asked whether the costs can be shared amongst CREFs as a new customer class instead of amongst all ratepayers? Pepco noted that they are not proposing the creation of a CREF rate class right now but that they can review the implications and see what would need to be changed in the tariff.
- Staff asked how long will it take to get the draft copy of the matrix? Pepco stated approximately another two months.
- Sol Systems asked whether this is a new service? IPSUN Solar stated that it found the 25/60 business day plan to be reasonable, as long as stakeholders have the ability to review and update the processing timelines as efficiencies are identified in the process.
- **Cost Financing Alternatives**
 - With respect to other potential financing methods, Staff asked whether instead of using the Matrix for socialized costs, developers would prefer to pay all of the cost or to finance the costs another way?
 - IPSUN Solar discussed the idea of spreading the cost of the system and upgrades throughout the life of the system.
 - New Columbia noted that the financing proposal that would allow developers to pay Pepco back incrementally overtime is more complicated than Pepco's proposal because Pepco would be a lending bank.
 - Pepco noted that the risk with the financing method is that Pepco would take on a lot of cost that it may not get it back, noting for example if the developer went out of business.

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- New Columbia noted that New York has it set where the developer pays everything and as more subscribers come on, the cost is shared, for the same transformer or feeder.
- Mr. Roodman noted that alternative financing and costs sharing methods can become complicated to track for Pepco and are not as simple to implement as socializing the costs.
- **Virtual Net Metering**
 - Staff raised Mr. Roodman's proposal, which was circulated to stakeholders via email, to revise DCMR 906.1 to remove the phrase "shall be directly interconnected with the Electric Company's distribution system" from the definition of CREF.
 - Staff noted that in its preliminary review of the statutory definition of CREF, there is no requirement for a direct connection to Pepco's distribution system but that it would consider the issue further.
 - Staff asked Pepco whether it will submit a pilot program for virtual net metering? Pepco noted that they have been working on one, but it is not a completed design.
 - Sol Systems asked how far along Pepco is with this project?
 - Staff asked whether virtual net metering is a CREF? Pepco noted that it is not a behind the meter system. It is customer owned.
 - Staff asked whether a virtual net metering customer would still have a production meter? Pepco said yes.
 - Staff asked whether virtual net metering customers would receive a bill? Pepco stated they would. They are still utilizing Pepco resources that are covered under the customer charge, such as billing, and to the extent monitoring devices were used, they would still incur a kWh cost.
 - Commission Staff asked whether the virtual net metering projects referenced in VA are based on rules? Pepco asked whether the VA projects were a part of a pilot program? Sol Systems noted that it was through legislation, through a program called Solar Program and that they would look and see if there were specific rules that they can share with the group.
- **NEM Generation Threshold Issue**
 - Staff asked Mr. Roodman to provide an overview of the jurisdictional analysis regarding NEM threshold limits he circulated via email to the group.
 - Mr. Roodman noted that states without a relative generation limit (*i.e.*, 100% historical usage) allow users to install systems up to the absolute limit (*i.e.*, 1MW).
 - Staff noted that NRRI researchers indicated that in the absence of the relative limit the absolute limit controls but if there are two limits, the system must comply with both.
 - Pepco asked Staff to clarify whether "comply with both" means the system must meet the smaller of the two thresholds? Staff noted that one is capacity and the other is usage, and the system must comply with both limits.
 - Mr. Roodman noted that an exception is Arkansas, which uses the greater of the usage-based and absolute kW limits.
 - Staff stated that one of the authors of the PSC-commissioned NRRI report, "Solar Policies Review and Comparisons for Five States and the District of Columbia,"

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said that in states where regulators have set no usage-based limit on NEM system size, the limit is practice generally 100%, meaning the facility size is comparable to the historical usage. However, the NRRI survey does not cover the individual states exact “relative limit” if **only** a kW or MW size is specified. For example, it is unclear whether a state would allow 105% or 110% if only a kW size is specified. In either case, the decision to allow a user to exceed has to consider the users historical usage - 100% - not an infinite number.

- Mr. Roodman reported that he had called utilities in Wyoming and Vermont (which also have the “intended primarily” legal definition) and was told they imposed no usage-based limits.
- IPSUN Solar stated that in VA, in some instances, they allow systems that exceed the threshold to be interconnected. New Columbia asked whether Pepco already allows this? Pepco noted that they usually allow a system to interconnect that exceeds 100% of historical usage when a customer submits a future usage calculation that estimates that they need to exceed the limit because of, for example, significant updates to their home, like a home expansion or addition of electric vehicle charging equipment.
- Commission Staff inquired what impact increasing the relative threshold limit would have from Pepco’s perspective? Pepco stated that it does not have a position on this matter and that it is a Commission decision to make; however, Pepco raised the concern that raising the limit to 200% could create issues for capacity constrained areas.
- Pepco also noted that do go up to 200% in Maryland, and that when constraint is an issue, they provide the upgrade cost estimate to the developer who typically chooses to downsize their system to an acceptable limit instead of paying the system upgrade costs.
- In response to Staff’s observation that Maryland is the only jurisdiction that goes up to 200%, with the next highest limit being 125% in Arizona, DOEE stated that the group should focus on moving forward and not just on what has been done in the past. For instance, we need to consider whether higher NEM limits will facilitate meeting the District’s aggressive CleanEnergy goals.
- Staff asked if participants would be in favor of reducing the 100% retail rate NEM customers get for any energy produced over 100% of their usage? Mr. Roodman noted that under current rules [15 DMCR 902.3 and 903.5] a customer who runs a permanent surplus is not entitled to receive the balance in cash but only to carrying it as a credit going forward on their bill. In practice, this means that the price such a customer would be entitled to receive for surplus kWh is zero. Mr. Roodman noted that the issue is not whether the customer is getting paid for the excess generation, but how the price they receive compares to the value asserting that solar PV often provides power at high-value times—summer afternoons—and at high-value locations—close to other customers.
- DOEE proposed that we increase the generation threshold gradually so that we can monitor the system impact overtime but still make progress.
- Staff noted that it discussed increasing the threshold to 120%, but the other concern is the compensation for excess generation. Systems producing over

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100% of the customer's usage may be paid the full retail rate. Staff noted that crediting the customer's account is a better option.

- IPSUN Solar noted that it is against giving a credit for those who are over 100%. Commission Staff noted that Commission rules are based on the size, instead of the relative limit.
- IPSUN Solar noted that roof size must be considered as well, the chance of a 200% threshold being met is highly unlikely.
- OPC noted that it is supportive of the incremental increase.
- Commission Staff noted that it will review the legislation to determine whether increasing the threshold to 120% is allowed.
- Staff asked, how many more meetings the group believes is needed before submitting recommendation to the Commission? Pepco noted that it makes sense to separate meetings to discuss rules and NEM threshold, separately.
- **Meeting Action Items**
 - The external working group organized by Pepco will continue to meet to develop the strawman CREF rules which will be shared with the working group closer to completion.
 - Pepco will provide sample CREF bill, a breakdown of a MD-CREF bill in comparison to the proposed CREF bill implementation in DC.
 - Pepco to provide example rate impact of socializing CREF costs based on each interconnection type (1) amongst all ratepayers and (2) amongst CREFs as a separate rate class based on the existing number CREFs an anticipated number of CREFs through 2020.
 - Pepco to continue developing CREF cost matrix and share it with group for review upon completion.
 - Staff will review legislation regarding 120% threshold for NEM and draft recommendation to be reviewed at next working group meeting

Next Steps

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|--------------------------------------------|--------------------------|
| ● Draft Circulated to Participants: | Monday, April 22, 2019 |
| ● Comments from Participants to PSC Staff: | Thursday, April 25, 2019 |
| ● Report Filed with Commission: | Monday, April 29, 2019 |
| ● Next Meeting: | Wednesday, May 29, 2019 |



**RM9 Net Energy Metering Working Group
1325 G Street, N.W., 8th Floor
Washington, D.C. 20005**

March 18, 2019

10:00 A.M. – 1:00 P.M.

**Dial-in Number: (712) 775-7031
Meeting ID: 828-265-056**

AGENDA

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|------------------------------------------------------------|------------------------------|
| I. Sign In/Welcome | PSC (Shelley, Hu) |
| II. Presentation on CREF Rules Strawman Process | PEPCO |
| III. Update 100% NEM Generation Threshold Issue | PSC (Shelley, Hu) |
| IV. Update CREF Upgrade Cost Financing Alternatives | PSC (Berry, Fujihara) |
| V. Discussion | ALL |
| VI. Action Items | ALL |

Next Steps

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|----------------------------------------------------|---------------------------------|
| I. Working Group Minutes | PSC (Noelsaint) |
| A. Drafts Circulated to Participants: | Monday, April 22, 2019 |
| B. Comments from Participants to PSC Staff: | Thursday, April 25, 2019 |
| C. Minutes filed with Commission: | Monday, April 29, 2019 |
| II. Next Meeting | Date (TBD) |

Adjournment