

**RM9-2015-01: Fourth 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 AMENDMENT ACT OF 2013**

**FOURTH 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 fourth Rulemaking (“RM”) 9 Net Energy Metering (“NEM”) working group meeting on Wednesday, May 29, 2019, in the Commission’s Hearing Room, to further discuss: 1) whether NEM projects should exceed the current 100% generation threshold, 2) whether the NEM threshold should be increase by increments annually or biannually, 3) whether there should be a NEM threshold ceiling and 4) the compensation structure export of excess generation of NEM system to the grid.

**Attendees**

Sign-in Sheet (see Attachment 1)

**Issues Discussed**

Agenda (see Attachment 2)

**Adjournment**

The working group adjourned at 11:35 a.m.

**Synopsis of Issues Discussed**

- **Status of CREF Rules Strawman Process & Pepco’s Cost Proposal**
  - Pepco will continue to meet with stakeholders to finalize strawman CREF rules.
- **NEM Generation Threshold Issue**
  - Commission Staff discussed previous meeting consensus for the threshold for NEM generation to be set at 120%. DOEE noted that it is supportive of the 120%

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threshold and the recommendation to increase the threshold incrementally on an annual basis, with a set schedule that provides Pepco the opportunity to object to the increase based on reliability or system impact concerns.

- Mr. Roodman acknowledged that a schedule that provides a safety mechanism could be useful in case it would be needed in the future. Commission Staff asked, should the smaller increments (*i.e.*, 10%) be applied every year, or should the increases be larger (*i.e.*, 20%)? DOEE stated that their priority is to have a schedule to increase as a default. Commission Staff noted that with the default increase the responsibility would fall on Pepco to come forward to inform the Commission of any reliability or system impact issues.
- Commission Staff asked Pepco if they have a preference? Pepco noted that it does not matter if the increases occur annually or biannually. Pepco supported incremental increases instead of a big jump.
- Mr. Roodman asked, whether the NEM ceiling would rise without limit or stop at, say, 200%? DOEE noted that currently they do not have enough data to determine what the upper ceiling should be. Pepco noted that they have measures in place for detecting and protecting against aggregated impact on the grid.
- Commission Staff stated that if stakeholders are considering an increase to 200%, then export compensation needs to be discussed. Further explaining that when the group talks about changing structures, *i.e.* from 100% to 120% threshold, the entire package, including absolute limit, relative limit, export compensation and cost and reliability all should be considered. Staff conveyed that its NRRI advisor further indicated there was IRS letter ruling about export compensation, wherein the IRS indicated that anything greater than 100% offset of consumption should be treated as taxable income. NRRI also told Staff that is why most states limit to 100% of historical usage when they are silent about the relative limit. Currently, Maryland only pays generation rate for the NEM export over 100% of the customer's historical usage.
- DOEE asked whether the solar systems discussed with the idea that some also might have battery storage, which would have a load impact for when they go to interconnect? Pepco noted that it depends on the how the battery is operated. DOEE asked whether we need to clarify the rules to deal with battery storage? Commission Staff asserted that rules for interconnecting battery storage are being considered in MEDSIS and that there will be coordination between all necessary working groups.
- A solar customer participant noted that he was told that residential systems cannot have battery storage coupled with solar PV. Commission Staff clarified that they can have battery storage devices.
- Commission Staff reiterated that with export compensation, and increased relative limit, cost for financing such an increase may go up. However, it may not be significant. OPC asked Pepco to provide the group with some numbers, because they are concerned with overall cost. Pepco clarified that OPC's cost concerns relate to CREFs not NEMs. OPC clarified that it is also asking for penetration numbers and potential cost for NEM facilities as well. Pepco noted that will provide the CREF-related cost estimates in the next meeting. Pepco stated that it

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would work on cost estimates for NEM and noted that there will be costs related to IT and billing system updates.

- Commission Staff asked whether the excess generation should be carried forward forever as a credit on customers' bills? Or whether the credits should expire after 12 months and any excess balance be given to lower income residents? Mr. Roodman stated he interprets current rules to say that the NEM customers are entitled only to bill credits, so that if they run a permanent surplus, they may never be able to cash it out, making the marginal price they receive effectively zero. DOEE asserted that it had a strong opposition to perpetual credit because having a credit on the customer bill disincentives customers from practicing energy efficiency. Annual true-up and cash out approach is better.
- A question was raised: what currently happens when a customer closes their account and there's an outstanding credit? Pepco responded that they issue the customer a check.
- Commission Staff asked whether there was any support in the group to transfer the excess generation credits to low-income ratepayers like the Oregon program? DOEE noted that Solar For All is all low-income NEM and CREF customers and questioned what a true-up really look like? DOEE supports giving net metering customers the option to donate profits from excess generation, but that this should not be the default.
- Commission Staff said that it will research this option from other states and circulate with the group for a better discussion next time.
- Commission Staff asked whether the incremental generation threshold increases should be: (1) annually vs biannually; and (2) in what increments (10%, 20%, 30%)? Pepco noted that they evaluate every interconnection application for reliability impacts so overall it doesn't have any restrictions or oppositions to whether increments increase annually or biannually.
- Commission Staff asked whether the cost for any system or process (IT/Billing) upgrades will be tracked and handled in a rate case? Pepco asserted that generally there are no NEM system upgrade costs. Sunrun asked whether upgrades to individual transformers are paid by the customer or the company? Pepco noted that the customer pays for it, but most customers choose not to interconnect if doing so would require that they pay for a transformer upgrade.
- DOEE stated that locational value of distributed resources is important as well and recommends annual increases of 20%. Commission Staff asked what DOEE proposes the compensation structure be? DOEE reiterated its support for an annual true-up mechanism for remaining credit balance, and also clarified that DOEE supports crediting customers for excess generation above 100% of historical usage at the generation rate, rather than the full retail rate.
- Mr. Roodman supports DOEE's recommendation. DOEE recommended a kWh credit and then determine the annual true-up. Mr. Roodman voiced an intuition that while the proposal made sense in principle, there could be devils in the details that would need to be worked out. For example, would the "true up" price be a single value for all SOS customers? Would it be a winter or summer price? Or would each billing cycle's surplus be converted based on the generation price then

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in effect, in which case the “true up” might best be seen as monthly rather than annual.

- Pepco noted that it would have to look into the cost and logistics of the annual true up and cash out and follow-up with the group.
- Commission Staff asked whether the consensus is on an annual cash out, with an automatic 20% increase on the threshold until we reach 200%? Does this create NEM and CREF issues with the increases?
- DOEE asserted that they have strict energy codes coming into play that will also help reduce energy usage, so there will be a correlating increase in generation and decrease in energy usage which is optimum. Ipsun Solar recommended that the group stick with 120% threshold, see how it works, and later review compensation. DOEE disagrees and noted that tabling the NEM conversation only means it will slow down the process. Pepco noted that, the concern at this point is customers, not reliability; it is more of a fairness issue.
- Commission Staff stated that the issue also relates to the “intended primarily” language in the customer generator definition, noting that if the increases will occur automatically annually, then there may need to be a definition change for customer generator.
- A solar customer participant indicated that he was told that his system could only be built up to 90% of his usage and asked whether systems can be built to reach 100% of his usage. Commission Staff and Pepco clarified that as a NEM customer, you can make a proposal and submission to Pepco regarding a specific reason (e.g., a house remodel) that would make the historical average no longer an accurate measure, and Pepco will go over historical usage if the request is supported. Another resident participant asked, would the 120% threshold be when the initial interconnection is applied for or would it be when the customer reaches PTO? Pepco noted that it would be based on the initial application, but that customers would be able to submit an interconnection system update request to go beyond the 100% if the 120% is approved.
- To conclude Commission Staff reiterated the consensus from the discussions to be that the NEM threshold will initially be increased to 120%, with an automatic 20% annual increase, and absent Pepco filing something, the working group would reconvene a year before the 200% threshold is reached to discuss and assess the increases and the impacts on the system. Additionally, compensation for NEM customers would receive the full retail rate until it reaches 100% of usage, after that generation would be paid at the generation rate. Compensation for the excess generation would be credited based on annual usage, either receipt of a cash out at end of 12 months or the balance being transferred to low-income ratepayers.
- To facilitate actions items before the next meeting is convened, discussions among the group will be over email to start drafting the recommendation.

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• **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 (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.
- Pepco to review current NEM customers, number of NEM penetrations and additional costs to be incurred for increasing to 120%.
- Commission Staff to review/circulate Oregon's compensation structure which at the end of 12 months transfers excess generation credits to low income residents.

**Next Steps**

- |  |                        |
|--|------------------------|
| • Draft Circulated to Participants:        | Monday, June 3, 2019   |
| • Comments from Participants to PSC Staff: | Thursday, June 6, 2019 |
| • Report Filed with Commission:            | Monday, June 10, 2019  |
| • Next Meeting:                            | TBA                    |



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

**RM 9 WORKING GROUP – STANDARD OFFER SERVICE WORKING GROUP MEETING**

**CASE CAPTION:**





















**RM 9-** The Commission will hold the fourth RM9 Net Energy Metering (“NEM”) Working Group (“RM9 Working Group”) Meeting **IN THE MATTER OF THE DEVELOPMENT AND DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA**

***Registration List  
Date: May 29, 2019***

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**PUBLIC SERVICE COMMISSION**  
 District of Columbia

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**PUBLIC SERVICE  
COMMISSION**

Division of Consumer Affairs

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

**May 28, 2019**

**10:00 A.M. – 1:00 P.M.**

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

**AGENDA**

- |  |                          |
|--|--------------------------|
| <b>I. Sign In/Welcome</b>  | <b>PSC (Shelley, Hu)</b> |
| <b>II. Group Discussion: 100% NEM Generation Threshold Issue</b> | <b>ALL</b>               |
| <b>III. Action Items</b>   | <b>ALL</b>               |

**Next Steps**

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|--|-------------------------------|
| <b>I. Working Group Minutes</b>                    | <b>PSC (Noelsaint)</b>        |
| <b>A. Drafts Circulated to Participants:</b>       | <b>Monday, June 3, 2019</b>   |
| <b>B. Comments from Participants to PSC Staff:</b> | <b>Thursday, June 6, 2019</b> |
| <b>C. Minutes filed with Commission:</b>           | <b>Monday, June 10, 2019</b>  |
| <b>II. Next Meeting</b>                            | <b>Date (TBD)</b>             |

**Adjournment**