

**RM9-2015-01: Fifth 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**

**FIFTH 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 fifth Rulemaking (“RM”) 9 Net Energy Metering (“NEM”) working group meeting on Wednesday, June 10, 2019, in the Commission’s Hearing Room, to further discuss: Community Renewable Energy Facility (“CREF”) interconnection costs and CREF-specific rule changes.

Attendees

Sign-in Sheet (see Attachment 1)

Issues Discussed

Pepco’s CREF Cost Proposal & Status of CREF Rules Strawman Process & (See Attachments)

Adjournment

The working group adjourned at 12:45 p.m.

Synopsis of Issues Discussed

- Commission Staff opened the meeting and handed the meeting over to Pepco to discuss the developer cost matrix that Pepco developed.
- Pepco reminded the group the purpose of the matrix, which was to give the developers cost certainty in a shorter amount of time. These issues were the priority issues identified by developers early in the working group process. The cost matrix only applies to projects that fit within the categories defined in the matrix. Pepco explained that it developed the cost matrix from standard cost units that were updated as of February of this year. These standard costs are units that are the same units used for all new business construction in the District of

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Columbia. Pepco walked through the various levels of cost listed on the Matrix. Pepco informed the group that costs would be different depending on whether the upgrade costs required a single- or triple-phase transformer and whether the service was an overhead service, a pole-to-underground service, a padmounted transformer-to-underground service, or a manhole-to-underground service.

- Staff asked what characteristics shifts a CREF from single to three phase. Pepco responded that the size of the solar system impacts the number of phases.
- DOEE asked whether the costs in the matrix reflected only the cost of projects that had moved forward or whether it reflects both systems that had moved forward in the interconnection process and those that had dropped out. DOEE's concern was that it may be that under the current cost structure projects with larger backbone costs would have dropped out of the interconnection process so that the costs would not be reflective of the level of backbone costs that will likely be socialized to ratepayers (i.e., they would be too low).
- Pepco clarified that the costs in the matrix were based on interconnections that these are based on standard unit costs as of February for projects that went forward. Pepco noted that when discussing the rate impact, the 2019 backbone costs included in the 2019 rate impact would have all projects for which there were costs letters, which would include projects that may drop out in the future. However, the 2018 bill impact only included costs that were in the system because the projects moved forward. New Columbia Solar noted that it thought that the backbone costs would be higher in 2019 because there were some larger projects that had not yet received cost letters.
- Staff asked how many years of data were included in the matrix and asked if that current cost was based on historical costs. Pepco explained that it used the standardized units were updated for inflation and other factors in 2019, so it only reflected 2019 current cost.
- New Columbia Solar asked if the actual costs would be trued up if they fit within the matrix. Pepco stated that they would not. The matrix is based on an average of costs of projects. Some would be more than the matrix cost and some would be less than the matrix cost but overall they would average out around the matrix cost.
- New Columbia Solar asked where in the process the DERPA analysis is performed if a project falls under a matrix category. Pepco stated that DERPA analysis is performed after the interconnection agreement is executed but before the cost letter is issued. So, that part of the process would not change under the matrix.
- New Columbia Solar asked how long it would take for the ATI letter issuance under the matrix. Pepco responded up to 25 business days. Pepco will get the ATI out sooner than the 25 business days as possible. Pepco noted that this timeframe can be delayed if the contractor makes a change in the project that requires re-design of the project but that if nothing changes it would be up to 25 business days.
- The group looked at the rate impact of socializing the cost of materials associated

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with upgrading the backbone of the system for an interconnection. Pepco explained at a high level how a bill impact allocation was developed and why it was necessary. Pepco then walked the group through the specific bill impact analyses it had performed. DOEE was concerned that the group come up with the right allocation model that will work as the number of CREFs increase. Pepco agreed to provide individual costs for each project and analyses that show the bill impact of socializing 25%, 50%, and 75% of the cost of materials for upgrading the backbone. DOEE viewed that as a good interim compromise, while the study of locational value is ongoing. Staff noted an allocation between socialization and developers or a cap may work. DOEE requested an itemized cost breakdown for past projects, as well as for a theoretical large project on a constrained feeder that would require significant backbone upgrades. Pepco agreed to provide itemized breakdown for the project in the queue with the highest estimated backbone costs.

- DOEE expressed concerns that there is no locational value for addressing constraints; investments need to be made strategically with locational value of DER to meet future needs. Pepco asked the developers how they locate customers. New Columbia responded they react to customer requests, consult capacity maps and submit applications to find out more. Staff noted that a value of solar study, while useful, is costly and complex.
- The group discussed the bill to CREF owners. Pepco explained that CREFs are currently billed as Residential customers because the generation from CREFs is used to reduce the amount of generation that is bid in the SOS auction for Residential customers. Because commercial customers typically use third-party suppliers, there is only one commercial SOS group that may be able to consistently have enough SOS supply need to allow for CREF generation offset. That commercial class is the new medium sized commercial customer class. However, that rate class has not been in existence long enough to be comfortable that the supply levels will remain consistently high enough to be offset by CREF. New Columbia Solar asked what the bill impact be if CREFs were considered as part of the medium commercial class. Pepco responded it would result in higher customer charges. Residential customer charges are currently around \$15 while the customer charge for that commercial group is currently \$450, but it might decrease in the next rate case. Staff, noting that CREFs have their own characteristics, asked if it is possible to create a distribution class that is applied to residential SOS. Pepco did not know the answer and offered to look into it.
- New Columbia Solar asked why the CREF owners need to get bills. DOEE questioned why CREFs would be treated as a customer class, since they are generators. Pepco explained that they are customers on the system, and customers receive a bill. Pepco also explained that if costs are going to be socialized to customers, there will also need to be revenues socialized to customers and those revenues come from the bills. Staff asked if the CREF owners get bills in MD receive bills. Pepco responded that they do.
- Staff asked what the total CREF capacity is for DC. Pepco responded that 1 MW

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was currently interconnected with 7-8 MW pending.

- The group discussed “virtual net metering” or VNM. Pepco explained that the Company is working on a pilot VNM project. Pepco agreed to provide a presentation next meeting on VNM status in the District and projects in other PHI jurisdictions.
- DOEE requested that the cost matrix include an itemized breakdown of what type of backbone upgrades were required, and that this be provided for the projects that were not ultimately interconnected. Pepco responded that while it wanted to be transparent, it also had to balance against the fact that the same resources that are pulling the data are working to interconnect CREFs. DOEE recommended Pepco provide only the largest (dollar value) project broken out by item. Pepco agreed that that was a reasonable compromise and agreed to have that information for the next meeting.
- Staff noted that the group is supposed to be presenting a strawman of the new CREF rules to the Commission for the purposes of developing a NOPR. The hope is that coming to consensus or near consensus now will simplify the rulemaking process. The group explained that they were working on and had previously discussed a redline of the current rules for that purpose but that the focus of today’s meeting was to try to get consensus on the matrix so that they could move forward on drafting the strawman.
- Staff noted that SaveSolar had some issues that it wanted to discuss with the group. SaveSolar noted that the group has not discussed the CREF application’s onboarding of customers and annual signature needed for customer data. The annual signature can result in problems if a project slips for one quarter, it would be good if the new rules could remove the need for the annual signature. SaveSolar also suggested providing API access to subscriber usage information to the Subscriber Organizations. Pepco responded they will review the regulations and laws to see what flexibility is available. Pepco further clarified that any delay caused by Pepco would not penalize the developer.
- **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 to provide an updated bill impact analysis that shows the impact of socializing 25%/50%/75% of the cost of backbone materials for the upgrade.
 - Pepco to provide an itemized breakdown of the cost components for one of the largest projects in the queue.
 - Pepco to look into whether it is possible to create a distribution new CREF class that is applied to residential SOS.
 - Pepco to review current NEM customers, number of NEM penetrations and additional costs to be incurred for increasing to 120%.

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Next Steps

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| • Draft Circulated to Participants: | Wednesday, July 17, 2019 |
| • Comments from Participants to PSC Staff: | Monday, July 22, 2019 |
| • Report Filed with Commission: | Wednesday, July 24, 2019 |
| • Next Meeting: | TBA |