

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE ADOPTION OF)
RULES AND REGULATIONS TO IMPLEMENT) PSC DOCKET NO. 49
THE PROVISIONS OF 26 *DEL. C. CH. 10*)
RELATING TO THE CREATION OF A)
COMPETITIVE MARKET FOR RETAIL)
ELECTRIC SUPPLY SERVICE (OPENED)
APRIL 27, 1999; RE-OPENED JANUARY)
7, 2003; RE-OPENED SEPTEMBER 22,)
2009; RE-OPENED SEPTEMBER 7, 2010))

COMMENTS

OF THE

VOTE SOLAR INITIATIVE

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I. INTRODUCTION

On September 7, 2010 the Public Service Commission of the State of Delaware (“Commission”) entered Order No. 7832 reopening PSC Docket No. 49 to revise the Commission’s Rules and Regulations to implement the provisions of 26 *Del. C. CH. 10* relating to the creation of a competitive market for retail electric supply. As directed by the Delaware General Assembly through passage of Senate Bill No. 267, as amended by Senate Amendment No. 1 and signed into law on July 28, 2010 (“SB 267”), the Commission has re-opened Docket No. 49 to revise rules pertaining to net energy metering (“Net Energy Metering Rules”). Pursuant to 29 *Del. C. §§10115(a)* and 10116, the Commission has solicited written comments, suggestions, compilations of data, briefs, or other written materials from interested persons or entities.

The Vote Solar Initiative (“Vote Solar”) is a nonprofit organization with over 60,000 members throughout the U.S. that aims to address energy and environmental issues by bringing solar energy to the mainstream. Vote Solar appreciates the opportunity to provide comments to the Commission regarding the revision of Net Energy Metering Rules. As an active stakeholder in the development of solar policy and Net Energy Metering Rules in many states throughout the country, Vote Solar has recently established offices in the Mid-Atlantic recognizing the surge in activity surrounding solar development and renewable energy policy formation in this region, especially in Delaware.

Vote Solar seeks to work cooperatively with the Commission, the solar industry, utilities and other stakeholders to ensure that Delaware is able to build a robust renewables market with appropriate opportunities for customers who desire to install renewable energy generating facilities as well as customers whose properties are not

favorable for such investment. It is in this regard that SB 267 amends 26 *Del. C.* §§ 1001 and 1014 to include provisions for meter aggregation and community net metering in order to advance renewable energy opportunities for the benefit of a diverse customer base. Vote Solar commends the state for prioritizing solar resource development and for recognizing that not all customers own properties favorable for the installation of renewable energy generating facilities. As a general matter, Vote Solar believes it is important that customers seeking meter aggregation or participants in a community-based renewables program should have an experience that is as similar as possible to that of customers investing in on-site renewable energy. Vote Solar sincerely appreciates the opportunity to submit comments on the revision of Net Energy Metering Rules and looks forward to working with the Commission on implementation.

II. COMMENTS ON THE PROPOSED RULES

Vote Solar is familiar with the development and passage of SB 267, and is encouraged by the direction of this statute for expanding renewable energy opportunities throughout the state. Having worked across the country with utilities, solar developers, communities and other stakeholders to assist in developing rules for community renewables programs, Vote Solar is cognizant that many of these programs are rapidly evolving. As a result, our experience suggests that initial rules typically serve as a starting point for considering the various issues of these new arrangements. Although SB 267 and the proposed rules establish an important foundation for increasing the opportunities for customers to benefit from renewable energy technologies, they do not adequately address every scenario for building an effective and inclusive community renewables program. We therefore appreciate the opportunity to comment upon the

proposed rules and to reflect upon issues that, without clarification, will inhibit the overall potential of a community renewables program.

A. Definitions in Section 1.0

The proposed rules make modifications to Section 1.0 in order to define customer arrangements regarding Community Energy Facilities. The rules also provide definition for “Community-owned energy generating facility/Community Energy Facility”; as a general matter and in the context of the proposed rules, it is our opinion that these terms are redundant and we therefore request that Community Energy Facilities (“CEF”) be adopted as the preferred term to provide clarity and simplicity. This approach seems reasonable considering that the term “Community-owned energy generating facility” does not appear to have any substantive bearing on the proposed rules.

We would also like to offer our support for the modifications to Section 1.0 as proposed by the Interstate Renewable Energy Council (“IREC”) under Section II.A of their comments submitted for this proceeding. Having worked closely with IREC on the development of their model community renewables program rules, included as Attachment A to their comments, we strongly agree with their recommendation to create a separate definition for participants (“Subscribers”) of a CEF thereby providing important clarification to these rules. We also support IREC’s inclusion of additional language for the definition of “Host Customer”, again, in order to provide clarity. We request that the Commission adopt the abovementioned recommendations as offered by IREC.

B. Rules for Community Energy Facilities

IREC also identifies that the proposed rules do not clearly distinguish the method of valuation for net metering credits in the case of stand-alone CEFs. As both customer-sited and stand-alone CEFs are clearly permitted under the CEF definition in Section 1.0, we appreciate IREC's discussion of this issue and support their recommendation for clarifying the treatment of excess energy production as it relates to both types of CEF systems. Accordingly, we support their suggestion to create an independent section for CEF rules in order to clearly distinguish the rules that apply to CEF systems.

Although Vote Solar holds that it is important for Subscribers to have an experience that is as similar as possible to that of customers investing in on-site renewable energy, we recognize that in many respects community-based renewables programs remain in the initial phases of development around the country. As such, we understand the value of providing an alternative CEF arrangement as currently specified in Section 8.4.2; we agree with IREC that this rule would apply to all types of CEFs. Upon an electric supplier's election to execute the alternative provision as provided in Section 8.4.2, we request that the Commission initiate a process by which interested stakeholders could contribute in developing a framework that is sensitive to the concerns of various stakeholders while providing reasonable opportunities for CEFs as envisioned by the General Assembly through SB 267.

Finally, having worked closely with IREC in consideration of the proposed rules, Vote Solar requests that the Commission adopt all IREC's substantive and non-substantive recommendations as well as IREC's proposed rules as offered in Section C. of their comments. Vote Solar appreciates the Commission's consideration of these

recommendations for strengthening the proposed rules and establishing a foundation for the development of a community renewables program.

C. Interconnection Standards

Vote Solar appreciates the incorporation and modification of Section 8.9, which reflects the provisions of 26 *Del. C.* § 1014(e)(5) requiring that, “[a]n electric supplier’s interconnection rules shall be developed by using as a guide the Interstate Renewable Energy Council’s Model Interconnection Rules and best practices identified by the U.S. Department of Energy....” Strong interconnection standards are vital for the success and effectiveness of state’s renewable energy programs. Considering that the adoption of meter aggregation and community renewables significantly expand the opportunities for the development of renewable resources in Delaware, it will be critical to accompany these programs with strong interconnection standards in an effort to reduce overall cost, increase consistency between service territories, and improve safety conditions for both utilities and developers.

The Commission and its stakeholders already have a history of considering interconnection standards, and it is therefore important to reflect upon these proceedings before submitting our comments on this issue. By Order No. 6983 (July 11, 2006), the Commission opened Docket No. 58 to consider whether the Public Utility Regulatory Policy Act (“PURPA”) interconnection standards as adopted by the Energy Policy Act of 2005 (“the Act”) should apply to Delaware’s regulated electric utilities. Order No. 6983 posed six specific questions in this regard and solicited public comment from interested

parties.¹ Upon review of the public comments received, Hearing Examiner Ruth Ann Price, in letter to the Commission dated September 1, 2006, found no reason to re-examine Delaware's interconnection standards at that time.²

Nearly eleven months later on July 17, 2007, Staff filed a motion requesting Hearing Examiner Price to direct Delmarva Power and Light ("Delmarva") to file interconnection standards arguing that the Act required the Commission to consider interconnection standards because of not having previously officially adopted such standards.³ Staff additionally argued that the experience of neighboring jurisdictions in regards to interconnection standards and the ongoing dockets concerning Delaware's energy future justified the Commission's consideration of interconnection standards for the purpose of reducing barriers, promoting system reliability and enhancing overall renewable energy opportunities.

On July 24, 2007, pursuant to Docket No. 58, parties agreed that Delmarva would file proposed interconnection standards with the Commission by October 31, 2007. Considering that Staff's motion was confined to Delmarva, the Commission terminated Docket No. 58 and subsequently opened Docket No. 07-234 under Order No. 7275 (September 4, 2007). Then, in a reversal of its original July 17, 2007 motion, on October 4, 2007 Staff submitted a Memorandum to the Commission stating its belief that Delmarva's interconnection standards were adequate for the time being and

¹ Public comments were submitted by Delmarva, DEC, the Mid-Atlantic Solar Energy Industries Association, the Delaware Million Solar Roofs Coalition, the Division of the Public Advocate and Commission Staff.

² See Hearing Examiner Price's letter to the Commission (September 1, 2006) attached as Exhibit "A" to Commission Order No. 7275 (September 4, 2007).

³ Staff argued that the Commission's consideration of interconnection standards had been deferred by Commission Order No. 5454 (June 20, 2000) and that no filing of interconnection standards had been made.

recommended that Docket No. 07-234 be closed for the time being.⁴ Staff's Memorandum was based upon the following five grounds: Hearing Examiner Price concluded under Docket No. 58 that there was not justification for re-examining interconnection standards; Delmarva staff indicated that their current standards were sufficient and that compatibility with other jurisdictions was not an issue; Delmarva had not received feedback indicating current interconnection standards presented a barrier to self-generation; the current standards include automatic updates to reflect changes in standards and rules; and, the costs of proceeding with Docket No. 07-234 outweighed the benefits. The Commission agreed with Staff and subsequently terminated further proceedings under Docket No. 07-234.

Having accounted for recent proceedings regarding interconnection standards, we would like to reflect upon aspects of Delaware's renewable energy opportunities that now warrant the consideration of the existing interconnection standards. First, it is important to note that consistent and uniform interconnection standards from jurisdiction to jurisdiction greatly aid the development of renewable resources by reducing time, complexity and ultimately cost. As a partner in development of the annual *Freeing the Grid* report (*Freeing the Grid: Best and Worst Practices in State Net Metering Policies and Interconnection Procedures*), Vote Solar has participated in research and analysis demonstrating that Delaware's current interconnection standards are inadequate when compared to the best practices as contained in IREC's model interconnection standards, the same standards to be used as a guide for electric suppliers under Section 8.9 of the proposed rules as well as 26 *Del. C.* § 1014(e)(5). Delaware has consistently scored

⁴ See Order No. 7304 (October 16, 2007) detailing Memorandum (October 4, 2007) from Janis Dillard, Regulatory Policy Administrator, to Chair McRae and Commissioners.

extremely low in the *Freeing the Grid* report as discussed in IREC's comments submitted for the current proceeding.

Recently updated in 2009, IREC's *Model Interconnection Standards and Procedures for Small Generator Facilities* offer a strong foundation on which Delaware can enhance and streamline its interconnection standards to remove undue burden from the development of renewable energy resources. Section 8.5.4(iii) of the proposed rules stipulates that a customer entitled to aggregate multiple meters is required to file with Delmarva, "a complete interconnection application to facilitate a transmission and distribution analysis, including an evaluation of potential reliability, safety and stability impacts and determination of whether infrastructure upgrades are necessary and appropriate allocation of applicable interconnection costs." Using IREC's *Model Interconnection Standards* as a guide to refine interconnection standards in Delaware as required by statute would substantially enhance current interconnection standards thereby ensuring that Customer-generator facilities are able to proceed through the interconnection process in an expeditious fashion while still ensuring the safety and reliability of the grid.

It is clear that meter aggregation and community renewables programs present significantly increased opportunities for renewables development. As such, it is critical to consider whether current interconnection standards are adequately designed for these new opportunities; it is the opinion of Vote Solar that they are not. In addition to the ongoing dockets concerning Delaware's energy future and considering the aggressive development of renewables programs in many neighboring jurisdictions, it is imperative that Delaware reexamine its interconnection standards to reduce barriers, promote system reliability and enhance overall renewable energy opportunities thereby attracting

investment. Parallel to the goals set forth in Docket No. 58, pursuing these goals is critical at the current juncture considering the rapid expansion of renewables development and opportunities both in Delaware and regionally.

Vote Solar therefore requests the examination of interconnection standards, and appreciates the opportunity that the current proceeding provides to interested parties in this regard. We recommend that the Commission order Delmarva to conduct informal workshops with stakeholders (possibly as a sub-group of the Renewable Energy Taskforce initiated through the passage of Senate Substitute No. 1 for Senate Bill No. 119) in order to develop updated interconnection standards. Upon completion of such workshops, Vote Solar further requests the filing of new interconnection standards with the Commission.

III. CONCLUSION AND RECOMMENDATIONS

Vote Solar sincerely appreciates the opportunity to submit these comments under the proposed rules set forth in Order No. 7832 resulting from SB 267. The renewables opportunities enacted through SB 267 offer expanded opportunities for diverse customers to invest and benefit from renewable energy resources. We look forward to working with the Commission and stakeholders in adopting rules and interconnection standards under the current proceeding.

Finally, we strongly recommend a workshop setting as a precursor to official hearings in order to discuss the technical issues of this proceeding regarding both community renewables opportunities and the examination of interconnection standards.

Respectfully submitted,

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