

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on October 15, 2015

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman, dissenting

CASE 15-E-0407 - Orange and Rockland Utilities, Inc. - Petition
For Relief Regarding Its Obligation to
Purchase Net Metered Generation Under Public
Service Law §66-j.

ORDER ESTABLISHING INTERIM CEILINGS ON
THE INTERCONNECTION OF NET METERED GENERATION

(Issued and Effective October 16, 2015)

BY THE COMMISSION:

BACKGROUND

The Order Raising Net Metering Minimum Caps, Requiring
Tariff Revisions, Making Other Findings, and Establishing
Further Procedures (NEM Cap Order), issued December 15, 2014 in
these proceedings, set the ceiling, on the amount of net metered
generation the major electric utilities must interconnect in
conformance with provisions of Public Service Law (PSL) §66-j,
at 6% of load. In a petition filed on July 13, 2015, Orange and
Rockland Utilities, Inc. (O&R) submitted notification that,
based on applications it has received requesting
interconnections of that generation, it expects that its 6%
ceiling will be exceeded in the "near future." The utility
proposes to cease interconnecting net metered generation once
its 6% ceiling is reached, and to offer alternatives to net

metering for interconnecting the distributed generation (DG) that formerly qualified for net metering, in the interim while awaiting the harmonization of net metering with the goals envisioned in the Reforming the Energy Vision (REV) proceeding.¹ The utility's preferred alternative is a "buy-all sell-all" arrangement whereby a DG customer would sell all of its generation output at a wholesale rate and purchase all of the electricity it needs at the applicable utility retail tariff rate.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on July 21, 2015 [SAPA No. 15-E-0407SP1]. The time for submission of comments pursuant to the Notice expired on September 21, 2015.² The Solar Energy Industries Association (SEIA) and SolarCity Corporation (Solar City) filed comments.

POSITIONS OF THE PARTIES

O&R's Petition

O&R begins by reporting that, as of July 1, 2015, it has interconnected 2,407 net metered customers at a cumulative generation capacity of 22.6 MW, which, when combined with a queue of another 654 generation projects with a cumulative capacity of 79.3 MW for which applications have been accepted, results in a total of 101.9 MW. Its 6% ceiling, O&R relates,

¹ Case 14-M-0101, Reforming the Energy Vision, Order Instituting Proceeding (issued April 25, 2014)(REV Initiation Order).

² The Notice expanded the scope of this proceeding to include all major New York electric utilities, as listed in Ordering Clause No. 1 below.

amounts to 62 MW.³ O&R also notes that 27 of the applications it has received are for systems sized at 2 MW, driven largely by projects seeking to qualify for the grandfathering of monetary crediting provided for in the Transition Plan Order.⁴

O&R believes that it should cease interconnecting net metered projects as of the moment the 62 MW ceiling is reached. As recently as June 2013, O&R points out, the ceiling was set at 1% of load, and was raised only to 3% at that time, accompanied by a finding that net metering can increase the complexity and cost of maintaining and managing utility distribution systems.⁵ In raising the limit to 3%, O&R asserts, the benefits of net metering were balanced against the costs, and it was noted that any increase above the 3% level would require additional analysis. Moreover, O&R recounts, when the ceiling was increased upon issuance of the NEM Cap Order in December 2014, a rate impact analysis was conducted demonstrating that the public interest would not be harmed at the 6% penetration level. That level was also deemed adequate to accommodate the net metered installations expected until the time when measures facilitating continued sustainable development of all distributed energy resources (DER) would be considered in REV.

If the 6% ceiling were exceeded, O&R argues, rate shifting from net metered to other customers would be significant. The grandfathering of monetary crediting for

³ O&R did not attempt to predict the date when actual interconnections would rise to the level that meets this ceiling, other than to state it is expected in the "near future."

⁴ Case 14-E-0422, Solar Energy Industries Association, Order Granting Rehearing in Part, Establishing Transition Plan, and Making Other Findings (issued April 17, 2015).

⁵ Case 12-E-0485, Consolidated Edison Company of New York, Inc., Order Raising Net Metering Limits (issued June 13, 2013).

remote net metered projects undertaken in the Transition Plan Order, O&R asserts, exacerbates cost shifting, especially since many of the projects in its interconnection queue are premised upon that grandfathering. According to O&R, these projects are generally interconnected at the non-demand small commercial rate, which, as discussed in the NEM Cap Order, creates unanticipated opportunities for uneconomic arbitrage through monetary crediting. While O&R concedes that the precise impacts of the rate shift are difficult to estimate, it calculates that non-net metered customers will bear \$7.3 million annually in additional costs as a result of net metering. O&R adds that ratepayers are already surcharged approximately \$1.3 million per year to fund clean energy programs, which include direct subsidies to net metered generation projects. The total of \$8.6 million, O&R calculates, amounts to about 1.8% of its revenue requirement.

Noting that PSL §66-j(3)(a)(iii) initially capped the interconnection of net metered generation at 1% of load, O&R argues that, while the statute authorizes the Commission to increase the ceiling, the statute implicitly requires the analysis of any cost shifting that would occur if the ceiling were expanded. In addition, O&R contends, once the ceiling has been increased above the initial 1% the statute mandated, the statute then authorizes the Commission to make "appropriate adjustments to statutory net metering."⁶

Another reason O&R posits in support of retaining the existing 6% ceiling is the changes in the State's energy policies underway in REV. In connection with REV, O&R relates, the NY-Sun Order directed the New York State Energy and Research Development Authority (NYSERDA), in consultation with Department

⁶ Petition, p. 5.

of Public Service Staff (Staff), to prepare a study estimating the costs and benefits of net metering.⁷ Since the study was intended to assist in the REV deliberations, and with decisions in REV expected next year, O&R concludes net metering should be held in abeyance until those decisions are made.

While awaiting REV, O&R proposes to offer DER generation providers buy-all sell-all arrangements, whereby it will purchase at a wholesale rate the generation DG projects produce,⁸ while selling separately to the DG customers the electricity they consume in meeting their load. In the alternative, O&R would develop, in consultation with Staff, other substitutes to net metering, for prompt implementation, if the Commission deems necessary.⁹

Comments

A. SEIA

SEIA requests that O&R's petition be rejected as moot. In its Ratemaking Whitepaper, SEIA points out, Staff has recommended that net metering remain in place until DER has been properly valued in REV.¹⁰ Moreover, SEIA notes, the Commission

⁷ Case 03-E-0188, Retail Renewable Portfolio Standard, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 24, 2014) at 23.

⁸ The wholesale purchase rate that O&R tariffs is based on an average of the hourly wholesale energy prices developed by the New York Independent System Operator, Inc.

⁹ O&R also suggests that new applicants for interconnection be advised of its proposals for replacing net metering once the ceiling is exceeded, but the utility was informed, in a letter dated July 31, 2015 in this proceeding, that communicating its proposed restrictions to customers upon their requests for interconnection would be viewed as discouraging development of DG in contravention of State energy policies.

¹⁰ Case 14-M-0101, supra, Staff Whitepaper on Ratemaking and Utility Business Models (July 28, 2015)(Ratemaking Whitepaper).

has continued to expand net metering opportunities notwithstanding O&R's petition, and the utility's announcement there that it will exceed its ceiling.¹¹ SEIA also contends that utilities are obligated to continue accepting net metering applications even if the 6% ceiling is exceeded. Therefore, SEIA believes dismissal of the petition is appropriate.

Solar City

Solar City objects that O&R's proposal to substitute buy-all sell-all arrangements for net metering should not be considered in this proceeding. Alternatives to net metering should be instead addressed in REV.

O&R, Solar City claims, has not justified the relief it seeks, because the utility has failed to demonstrate that net metering results in inequitable cost shifting. That argument cannot be made, Solar City contends, until the benefits net metered DG provides are properly valued, which O&R has not done. That valuation, Solar City points out, is ongoing in REV, with the most recent development in moving valuation forward found in the CDG Order, which directed that a report be prepared on the benefits that DER provides to the electric distribution system. Until these efforts at valuation reach fruition, Solar City maintains, the Commission should not adopt restrictions that would prevent the interconnection of additional net metered generation.

¹¹ Case 15-E-0082, Policies For Implementing a Community Net Metering Program, Order Establishing a Community Distributed Generation Program and Making Other Findings (issued July 17, 2015)(CDG Order).

DISCUSSION AND CONCLUSION

The Net Metering Ceilings

As O&R points out, the NEM Cap Order directed utilities to advise if a ceiling on the interconnection of net metered generation is in need of revision. Contrary to O&R's implication, however, nothing in the NEM Cap Order authorizes utilities to cease interconnecting projects once the ceiling is reached. Instead, beginning with the NY-Sun Order, utilities have been instructed to continue accepting applications for interconnection until such time as limitations on interconnection can be addressed.

Moreover, increases to the ceiling cannot be forestalled while decisions that will be made in REV are awaited. As stated in the NEM Cap Order, "in no event, however, would a gap be allowed to open between the time minimum purchase obligations under the ceilings are fulfilled and the availability of [successors in REV] commences."¹² As a result, utilities must continue to accept applications for net metering and process interconnections notwithstanding the level of the ceilings on net metered capacity. As stated in the CDG Order, "the obligation to add net metered generation continues" whatever the level of the ceilings.¹³

The continued rapid pace at which utilities receive applications for net metered interconnections indicates that the NY-Sun Program for promoting solar PV has met with great success and that the PV industry continues to flourish in New York. As discussed in the NY-Sun Order, the NEM Cap Order, the Transition Plan Order, and the CDG Order, the growth of net metered PV and other forms of renewable net metered generation furthers

¹² Nem Cap Order at 15.

¹³ Community DG Order at 35.

achievement of the State's energy goals, and so that growth must not be disrupted because of the ceilings on interconnecting more net metered generation. Moreover, the pace of development should be set by the NY-Sun Program and other policies for promoting net metered generation, not by the level of the ceilings.

Nonetheless, as O&R points out, a transition from net metering to a more accurate means of pricing and recognizing the value of DER, including PV and other forms of net metered generation, is expected in REV. The Ratemaking Whitepaper, while affirming that net metering should remain in place for mass market customers at this time, and perhaps in other applications, notes that reforming rate design and DER compensation mechanisms, including net metering, can be accomplished upon "a strong foundation of the system value that DERs can provide."¹⁴ That foundation for the more robust pricing of DER is being built, opening net metering to replacement with mechanisms that more accurately price the value of DER.¹⁵

Valuation is being pursued on several fronts. First, studies on the benefits and costs of net metering are underway, as identified in the NY-Sun Order and as required by the recently enacted PSL §66-n.¹⁶ The completion of those studies is expected by the end of this year.

Second, principles for conducting the benefit-cost analyses essential to properly valuing DER were set forth in the

¹⁴ Staff Ratemaking Whitepaper at 90.

¹⁵ Id. At 90-92.

¹⁶ 2014 Laws of New York, Ch. 510 (effective December 17, 2014).

BCA Whitepaper,¹⁷ which presents a proposed framework for conducting a benefit-cost analysis and identifies key parameters within that framework. The analysis framework would assist in devising means for valuing and compensating behind-the-meter generation and other features of REV. Comments on the BCA Whitepaper have been solicited, and consideration of the issues it raises is expected in the coming months.

Third, the necessary components to properly valuing the benefits of DER, as addressed in the Ratemaking Whitepaper, are its energy value, established in power markets at the location-based marginal price (LMP), and its value to the electric distribution system. This "value of D" can include load reduction, frequency regulation, reactive power, line loss avoidance, resilience and locational values as well as values not directly related to delivery service such as installed capacity and emission avoidance. While the LMP is well-established and transparent, the "value of D" is not.

The Community DG Order and the Ratemaking Whitepaper, however, note the importance of developing the "value of D," while the BCA Whitepaper analyses and comments inform the consideration of the "value of D." As discussed further below, a process will be created that ties these efforts together such that a resolution of "value of D" issues can be expected in 2016. While the development of the tools and methodologies required to fully implement an approach based on "value of D" is likely a long-term effort, there is sufficient time to develop and adopt more precise interim methods of valuing DER benefits and costs, as well as the design of appropriate rates and valuation mechanisms, before December 31, 2016. Those interim

¹⁷ Case 14-M-0101, supra, Staff Whitepaper on Benefit-Cost Analysis in the Reforming the Energy Vision Proceeding (July 1, 2015).

methods will serve as a bridge while the "value of D" tools and methodologies are developed.

However, until these valuation efforts are completed, and incorporated in tariffs that recognize the full benefit of DER, net metering must continue, to avoid the disruption of DG development efforts that would contravene the State's energy policies. Repeated disputes over the proper level of the ceiling, and continuation of the series of petitions addressed to that issue, pose the potential for that disruption until the time the REV full benefit tariffs are in place.

Therefore, rather than engaging in another effort to arrive at the proper level of the ceiling that would anticipate perfect coordination with the implementation of REV, the ceilings shall be allowed to float in the interim until the calculation and application of "the value of D" and other issues affecting valuation of DER is decided. That is, utilities shall accept all interconnection applications and continue to interconnect net metered generation without measuring the DG capacity against an artificially set ceiling level. The interim period will end and the ceilings will close at the level that accommodates the acquisition of the net metered generation necessary to smooth the transition to the implementation of the valuation of DER, including the interim "value of D." At that point in time, any other issues related to moving from net metering to the valuation of DER will also be decided.

Allowing the ceilings to float only for the interim period, until the relevant decisions emanating from the process for DER valuation, including an interim "value of D," are in place, limits any adverse impacts that might be associated with the continuation of net metering. Since it is expected that the necessary conclusions in the DER valuation process will be

reached 2016, including adoption of a transition plan for moving from net metering to DER valuation, the duration of the interim period will be sufficiently short to prevent adverse ratepayer impacts.

Floating the ceilings as an interim measure serves the public interest. Repeated disputes over the ceilings that could disrupt the State's energy policies are avoided.

Moreover, once the interim period closes, ceiling limits, where needed, can be set automatically at the percentage of load that accommodates those DG projects that should remain entitled to net metering. As a result, when DER valuation is in place, the ceiling on net metered generation will find the appropriate level at each utility (again subject to such limited exceptions as might be adopted upon consideration of the Ratemaking Whitepaper proposals), based on the PV and other DG generation that is actually installed in the service territory in response to the economic conditions present there. The economic value to customers in a service territory as they evaluate the installation of PV is closely tied to the programs for promoting PV developed under NY-Sun, which were established with economic considerations in mind. Since the bulk of net metered generation is in the form of solar PV and no utility has claimed other forms of net metered generation are growing nearly as rapidly as solar PV, the economic considerations addressed in NY-Sun further limit any potential harm that might attend continued net metering.

O&R's Arguments

O&R calculates that, at the 6% ceiling, the cost of net metered generation would amount to 1.8% of its revenue requirement. As Solar City points out, however, that analysis is inaccurate, because it does not recognize the benefits to ratepayers that PV and other forms of net metered generation

provide. Moreover, at the level O&R posits, rate impacts are comparatively minor, especially in consideration of the benefits that have been realized through the flourishing success of PV in New York.

O&R's analysis is reasonably consistent with prior analyses of the cost impacts of net metering in the NEM Cap Order and the 2013 Net Metering Order, and so should be read as supporting the conclusion that rate impacts are relatively minor. Even at the level of net metered generation interconnection that O&R expects, the analyses of how small the rate impacts were upon increasing the ceilings to 3% and 6% demonstrate that rate impacts into the future likely remain acceptable, especially since O&R has not attempted to value benefits that could be offset against the costs it posits. Moreover, the actual valuation of DER will be accomplished in the process set forth below, and the interim measure of floating the ceilings for the short period between now and when decisions are expected in the DER valuation process further constrains any adverse rate impacts to levels commensurate with the benefits that will be realized.

As a result, the measures for replacing net metering that O&R proposes are rejected. It has failed to demonstrate that its proposed buy-all sell-all arrangement would satisfactorily promote PV and other forms of net metered generation in conformance with the State's energy goals. Instead, given that buy-all sell-all mechanisms may poorly and inappropriately value DG, that method of pricing may disrupt progress towards achieving those goals. Since, given the floating of the ceilings, no alternative remedies are necessary at this time, O&R's petition on these points is denied.

Finally, PSL §66-j clearly provides for the discretion to float the ceilings if the public interest so requires.¹⁸ O&R itself concedes that the Commission may make appropriate adjustments to statutory net metering once the initial 1% ceiling set in the statute has been exceeded. Indeed, the statute, at PSL §66-j(3)(b), authorizes the increase of the limits subject only to a determination that additional net energy metering is in the public interest. That finding is supported above, and nothing in the statute prevents the floating of the percent limit on the maximum amount of net metered generation a utility shall interconnect on the interim basis discussed above. Once the interim period closes, the percentage will be set automatically at the appropriate level as the transition to DER valuation is accomplished, subject to such exceptions as may be created in response to the Ratemaking Whitepaper proposals.

Further Process

In order to ensure that interim during which the ceilings float is sufficiently short to prevent adverse ratepayer impacts from occurring, a roadmap is needed to timely arrive at the decisions in REV that will signal the end of the interim period. The development of such a roadmap commenced with the CDG Order, which articulated the analytical framework for determining the system values DER provides. From that foundation, rate design and DER valuation mechanisms can be devised, in order to achieve the REV objective of providing

¹⁸ Requiring all the major electric utilities to float their ceilings notwithstanding differences in current levels of penetration falls within this authority, because piecemeal considerations of increases to the ceilings are avoided and the transition to REV is smoothed.

customers and other market participants with more precise information on the economic impacts of DER.

The continued consideration of these issues leads us to the conclusion that a single comprehensive process should be embarked upon to adequately address the range and complexity of the questions raised. The answers to these questions will lead to the adoption of the more precise valuation of DER contemplated in REV, upon the development of the appropriate accompanying rate design and the determination of the strategies alternative to the current approach of identifying specific, and therefore restricted, market and customer segments eligible for net metering treatments.

Accordingly, the Secretary is directed to commence preparation of a Notice that will lead to the adoption during 2016 of a new regulatory approach to valuing DER products and designing rates for DER providers, which, among other things, will lead to alternatives for net metering where appropriate. The Notice will set forth specific questions, presented by Department of Public Service (Staff), which will form the basis for organizing the inquiry. All interested participants will have the opportunity to respond to the questions, and the responses will be the subject of further inquiry through means such as discovery, reply comments, or another process, as appropriate.

The ongoing activities discussed above can be an important resource to Staff and interested participants. The comments that have been filed in response to the BCA White Paper, and will be filed on the Ratemaking White Paper; the research proceeding through the net metering studies anticipated for completion before the end of 2015; and, the development of competitive market tools, pricing structures, and full value tariffs being conducted with the assistance of consultants will

be available to contribute to the framing of the process and the preparation of comments. In filing those comments, participants would be invited to contribute their own analyses and research.

While the questions organizing and framing the process should be made available to participants as soon as practicable, the scheduling for the process must afford a reasonable time for the participants to review the questions, consider the resources available, and prepare or refine their analyses and research. Staff may conduct technical conferences to further contribute to the development of a complete and detailed public record that can serve as the foundation for Staff recommendations and future action.

As discussed above, the development of the tools and methodologies required to fully implement an approach based on "value of D" is likely a long-term effort. As also noted above, however, more precise interim methods of valuing DER benefits and costs, as well as the appropriate rate designs and valuation mechanisms, can be arrived at before December 31, 2016, to serve as a bridge while the complete "value of D" tools and methodologies are developed.

The Commission orders:

1. Central Hudson Gas and Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation are directed to file, by October 30, 2015, tariff leaves implementing revisions to the ceilings on the interconnection of net metered generation in conformance with the requirements set forth in the body of this Order. The tariff leaves shall become effective November 6, 2015.

2. The requirements of Public Service Law §66(12)(b) concerning newspaper publication of the tariff amendments described in Ordering Clause No. 3 are waived.

3. The Secretary in her sole discretion may extend the deadline set forth in this Order. Any requests for an extension must be in writing, must include a justification for the extension and must be filed at least one day prior to the deadline.

4. This proceeding is continued but shall be closed by the Secretary upon compliance with Ordering Clause No. 1, unless there is good cause to continue it further.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary

Commissioner Diane X. Burman, dissenting:

As reflected in my comments made at the October 15, 2015 session I dissent. I strongly believe in the vision of New York's Reforming Energy Vision. I understand that we need to work together to enable self-sustaining clean energy markets at scale and build a cleaner, more resilient and affordable energy system. The achievement of our goals will not happen overnight. I believe that the majority opinion is made in a good faith effort to have stability while still working on achieving our REV goals. In fact the majority position of not disrupting the distributed generation development efforts is one I support. I am also in agreement that REV should ultimately decide alternatives to net metering. However, we are in disagreement on what to do during this transition and if this decision actually achieves for the short and long term a more stable sustainable energy system. Moreover, I do not believe that this decision today is a true "transitional" approach. In fact, the decision may invite uncertainty and confusion in the implementation of net metering and unintentionally cause long term harm to the goals we are trying to achieve.

First, from an initial threshold matter we did not have as robust and transparent formal notification of the petition to the affected parties as we could have. On July 13, 2015 Orange and Rockland Utilities, Inc. notified the Commission via letter to the Secretary to the Commission on the status of interconnection applications for net metered facilities under Public Service Law § 66-j. This letter served as compliance to the directive in the Commission's prior orders to notify us when a utility believes it may be near to reaching its ceilings. The letter attempted to inform the Commission on how it intended to

address the situation. By letter dated July 31, 2015 a Department of Public Service staffer attempted to clarify the position of the Commission. That letter treated the July 31, 2015 letter as a petition and notified the company that the petition would be noticed for public comment under the State Administrative Procedure Act (SAPA). Nowhere in that letter did it say this petition would apply to any utility other than Orange and Rockland. It also did not cc any of the other electric utilities. While the SAPA Notice of Proposed Rulemaking did technically expand the scope of the proceeding to include all major New York electric utilities it was something that was not clear from the July 31, 2015 letter, petition Case title, and SAPA Notice title. One had to read through the SAPA Notice and find that this matter could apply to a company other than Orange and Rockland. The SAPA notice is also not entered in the actual public case filing on our website. In fact, while we were not legally required to issue from the Secretary to the Commission a Notice of the Petition and seek comments it is something that would have been beneficial to ensure we informed all of the affected parties and given them an opportunity to submit comments that we were contemplating lifting the ceilings entirely. In fact other than Orange and Rockland only two other commenters weighed in on this petition in stark contrast to the other prior orders related to this issue which received many more commenters. And both the commenters in this matter merely sought for the petition to be denied, one because it was moot and the other because it could be decided in other REV proceedings. Until this public session today one would not necessarily have known that the ceilings were essentially going to be removed in their entirety, albeit for a "transitional period".

Second, we may have exceeded our legal authority under the Public Service Law. The law is clear that we have the authority to increase the net metered minimum purchase cap if we determine that additional net energy metering is in the public interest. We have done so only in prior circumstances where a robust technical analysis was undertaken and determined the penetration levels and looked at the cost shifting effects of net metering. We previously acknowledged that if we were in the future to go beyond the 6% cap we would need to look at the rate impacts related to increased solar generation. In this case we have ignored the statutory mandate in not seeking to actually determine the cost shifting effects of net metering (i.e., shifting lost utility revenues and some interconnection costs to non-net metered ratepayers). Instead we seem to recognize that because it might be burdensome to have to keep resetting the cap we will merely "float" the cap. That ignores the statutory intent for necessary analysis on what are the proper limitations to have so that ratepayers are not harmed. In the Order Directing Modifications to Remote Net Metering Tariffs and Making Other Findings, issued October 16, 2015, in Case 15-E-0267, we acknowledge that "in crafting net metering statutes, the Legislature clearly intended to strike a balance between the costs and benefits of net metering." Here we failed to undertake the proper and diligent cost/benefit analysis that we were charged with and that we have undertaken in the past. It is not proper to summarily choose to float the cap until we address the valuation DER issue.

I was encouraged that to provide regulatory certainty any successor tariffs will adhere only prospectively to projects developed in reliance upon those tariffs. However, I am concerned that we have not properly evaluated what this will mean and whether this is economically feasible for the state to

ensure the REV's objectives are attained. That is to expand customer choice, enhance system efficiency, improve affordability through operations of competitive markets and promote resiliency and innovation. It may not be feasible. If that is the case, what do we do then?

Net metering studies are expected to be completed before the end of 2015. In fact the studies are examining the economic and environmental benefits and the economic cost burden, if any, of the net metering policy, whether net metering participants are paying their fair share of system costs and data on the income distribution of residential net metering participants. I anxiously await those studies but do think it is unfortunate that we decided this matter before those studies were completed as they could and should have helped to inform us on what is truly in the public interest. I am concerned that we have not made sure that this new net metering policy will not result in inequitable cost shifting.

Net metering is intended to foster the development of many small environmental beneficial facilities, widely distributed across utility service areas. Net metering allows utility customers to offset some, or all, of the electricity usage with a distributed generation system. I support a clear and sustainable energy policy that allows customers if they choose to move to renewable energy resources. However, to do so we must ensure it is properly implemented which means we need to look at the cost aspects now.

Moreover, this decision fails to address system reliability. Reliability of the energy system is paramount to everything we do. Maintaining generation, transmission and distribution systems is not a cost free endeavor and we need to ensure system reliability. I support our REV endeavors to preserve the safety, reliability and affordability of

electricity. I fear this decision today does not adequately address that during this transition.

In summary I dissent because we failed to meet our burden that it is in the public interest to "float" the cap. The majority opinion has failed to support its decision with proper analysis on the cost shifting and rate impacts related to increase in distributed generation above the 6% penetration level.

I do recognize the importance of continued dialogue on the new regulatory approach to valuing DER products and designing rates for DER providers, which will, among other things, lead to alternatives for net metering. I look forward to the ongoing work that is necessary in all our REV endeavors.