VOTE SOLAR

**STATE OF NEW YORK**
**PUBLIC SERVICE COMMISSION**

**CASE 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision.**

# COMMENTS OF THE VOTE SOLAR INITIATIVE IN RESPONSE TO TRACK 2 QUESTIONS

## Introduction

The Vote Solar Initiative ("Vote Solar") appreciates the opportunity to provide input to the Reforming the Energy Vision ("REV") proceeding. Rather than answer the specific Track 2 questions, we are providing the Department of Public Service ("DPS") staff with guiding principles that will help ensure that New York is on a path towards meeting the contemplated outcomes included in DPS staff's matrix, which was presented to stakeholders to help inform responses to Track 1 and 2 questions. Specifically, our guiding principles were developed to track towards a clean, safe, and prosperous energy future in which customers are empowered to be active participants. We envision a future where distributed resources such as solar are maximized on the grid, and where ratepayers become 'prosumers,' who are empowered through correct price signals to both consume and contribute energy products and grid services. Finally we envision a low-carbon future, where clean energy resources are clearly prioritized because public health and a livable climate are non-negotiable.

## About Vote Solar

Vote Solar is a non-profit grassroots organization working to foster economic opportunity, promote energy independence and address climate change by making solar a mainstream energy resource across the United States. Since 2002, Vote Solar has engaged at the state, local and federal levels to remove regulatory barriers and implement the key policies needed to bring solar to scale. Vote Solar is particularly focused on rate design issues related to distributed solar generation ("DSG"). Vote Solar is actively participating in net metering and broader rate design regulatory proceedings in more than 15 states across the U.S.

## Guiding Principles for Track 2

As DSG applications continue to become more accessible and affordable, customer interest in such technologies will increase. However, much of the existing paradigm surrounding electric utility regulation, electric rate design, and utility resource planning

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will stymie growth of technologies that reduce customers' need to consume grid-supplied electricity. Regulatory policies and electric rate design will establish the critical framework for growth of DSG and related innovative 'behind-the-meter' technologies. Vote Solar proposes the following guiding principles that should serve as contextual underpinnings necessary to establish effective policies. Vote Solar supports these basic guiding principles to ensure fairness for all customers during this significant transition in our energy paradigm, and urges the DPS to move forward with regulatory policies and electric rate design options that comport with these principles.

1. **Preserve individual customer's right to produce power for their own consumption**: Each customer can choose the amount of energy to purchase from the grid, the amount to self-produce and consume, and the amount to save through efficiency measures that reduce consumption. These rights include the installation of solar generation equipment at the customer's site, and interconnection to the utility grid without discrimination.[1] Utilities do not have the right to restrict the decisions of customers regarding how to manage energy use on their own property. Most electric utilities operate under a regulatory compact where the electric utilities are required to do business within the confines of the public interest and are required to serve the needs of all customers within their territory in exchange for an exclusive monopoly franchise. Utilities are required to provide as much or as little electricity as the customer desires to purchase and consume.[2]

2. **Capture the Full Range of DSG Benefits and Values:** Customer-sited solar generation offers many benefits to the electric utility system and by extension to non-solar customers. These include avoiding current variable utility costs such as fuel costs, near to long term demand-related electricity costs such as building new power plants, and societal costs including health costs resulting from fossil fuel-generated air pollution. The values and benefits should be quantified, and solar customers should be adequately compensated for the value their solar energy is delivering to all customers. We recommend referring to the Interstate Renewable Energy Council's ("IREC") publication *A Regulator's Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation*, as a roadmap for DSG valuation.[3] *A Regulator's Guidebook* is an excellent resource that walks the user through each stage of a cost-

[1] http://www.ferc.gov/industries/electric/gen-info/qual-fac/what-is.asp

[2] Notable exceptions are made for very large, usually industrial, customers that require significant investments in infrastructure and sometimes generation. Such customers could have significant impacts on a utility were they to move or shut down.

[3] Interstate Renewable Energy Council, *A Regulator's Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation* (October 2013) available at http://www.irecusa.org/wp-content/uploads/2013/10/IREC_Rabago_Regulators-Guidebook-to-Assessing-Benefits-and-Costs-of-DSG.pdf.

benefit study, proposing appropriate methodologies and answering common questions. IREC is a well-respected organization that provides regulators with unbiased information, and we believe that *A Regulator's Guidebook* will prove to be a valuable resource for DPS staff.

3. **Promote Policies and Rates Favorable to Next Generation Distributed Technologies**: Regulatory policies and electric rate design should not inhibit the deployment of DSG, demand response, combined heat and power (*e.g.* fuel cells), storage or other innovative technologies that are currently available or will be available in the foreseeable future. Thus, when discussing changes to current rate structures, the ability of a customer with integrated DSG and storage to avoid fees and charges should be considered. For example, storage can mitigate the costs of demand charges, but not increased fixed monthly customer charges. Tariffs and policies that create roadblocks to customer adoption of next generation technologies (*e.g.* customer-sited storage) should be opposed.

4. **Maintain Non-Discriminatory Rate Practices And Policies**: Utility rates should treat reductions in energy sales and utility revenues due to net metered DSG in a manner that is fully comparable to, and non-discriminatory relative to, reductions due to other consumer behaviors including energy efficiency and demand response. Any rate treatment not generally applied to all similarly situated customers must be cost-justified and free from unintended consequences.[4]

   Furthermore, any utility charges created specifically for the purpose of recovering embedded fixed costs from customers with DSG systems must be cost-based, and should only recover *net* fixed costs, after accounting for all utility benefits and offsetting cost reductions due to the distributed solar. Similarly, any utility *credits* created for the purpose of assuring that economic benefits resulting from the deployment of DSG systems are properly assigned back to the DSG customer(s) should only reflect *net* benefits, after accounting for all utility costs.

5. **Due Process Is Essential:** It is of paramount importance that distributed solar generation policies be determined in forums guided by the rules of law and supported by transparent and verifiable data. Claims of intra-class and inter-class cross-subsidies, and cost-differential between utility versus customer ownership can be resolved

[4] Example: In early 2013 Idaho Power proposed segregating net metered customers into their own rate class, dramatically increasing monthly customer charges and adding a demand charge. The result would be a much lower energy rate. This would have allowed high consumption customers, *a.k.a.* the wealthy, to install a minimum system (1-2 solar panels) to qualify for the rate and significantly reduce their utility bills, resulting in a far more dramatic reduction in revenue to the utility.

most effectively where adequate data is available and transparent,[5] and due process prevails. A transparent and data driven analysis that assures stakeholder due process rights are aggressively protected is most likely to optimize the chances for a positive outcome.

**Support for Other Comments**

Vote Solar strongly supports the comments submitted on Track 2 questions by the Interstate Renewable Energy Council.

**Conclusion**

Vote Solar hopes that the DPS finds the guiding principles to be useful and helpful in the REV proceeding. Please do not hesitate to contact me if you have any questions.

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[5] An example of data needed for analysis is hourly loads for customers, customer classes, and the system as a whole.