

## Technical Advisory Committee on Distributed Generation and Storage

### Bobby Hollis - Proposal Solicitation

The TAC agreed to file proposals on the following subject matters by noon on Friday, April 22, 2016.

1. **Grandfathering** (Confidence) – There is general consensus to grandfathering NEM customers who made the investment in rooftop solar prior to the 235 MW cap (3% of peak generation) being reached. There is also general consensus for the grandfathering to run 20 years and with the home – not the equipment or the customer account. The remaining question is whether the grandfathering cut-off date should be September 10, 2015 or December 31, 2015?

**The remaining date question is only applicable if the 235 MW/3% issue is not the limit. In other words, it should grandfather into the NEM regulations/law that existed on 1/1/2015 any rooftop solar if they executed a NEM agreement by December 31, 2015 – regardless of whether it's within 235 MW or 3%.**

**I would support the deadline being for customers who executed NEM agreements by December 31, 2015 (instead of September 10, 2015, 235 MW or 3%) which is when the final tariff-proceeding was adopted and all customers were on notice of the changes.**

2. **Expansion/revision of NEM** (Consumer Confidence) – Should we expand the 3% cap on NEM, and if so, how many years or capacity? Should an alternative to the NEM structure be developed and/or if changes should be made in what data is utilized to establish rates?
  - **For any customers executing NEM agreements after 12/31/15, the PUCN will establish a tariff that contemplates, values and quantifies the full costs and benefits provided by such customers (quantifying dollar values for all 9 benefits that were identified in the PUCN proceeding) and an actual weighted market energy value based on the time of generation (as demonstrated by a market hub like Palo Verde).**
  - **Rooftop solar customers will be charged the same retail rates and charges as customers in the same rate class without solar.**
  - **The new tariff must allow for netting of energy over the course of a calendar year before valuing any surplus energy. In other words, daytime generation can be netted against nighttime generation at anytime in the same calendar year (and springtime generation against summer generation in the same calendar year).**
  - **The PUCN will only decide the value of “surplus” energy that’s not netted out at the end of the calendar year using the 9 benefits and market energy value described above.**
  - **The PUCN will leave the new tariff open for customers through at least 12/31/2023 (when federal tax credits expire).**

3. **Incentivizing Utilities** (Commercial Issue) -- Should the utility receive a return on the DG investment at its PUC-authorized rate of return?

**The utility should receive an additional 2% on its rate of return for any investments in:**

- **Battery storage within 5 miles of 5 MW of distributed generation**
- **The following distributed generation:**
  - **Community solar**
  - **Low-income housing**
  - **Public schools**
  - **Non-profits**

**Jason Geddes – Proposal Solicitation**

Please include these under grandfathering.

**(1)** Restore solar DG customers to their prior rate classes, so that they are not subject to different customer, minimum or demand charges than non-solar customers.

**(2)** Allow the PUCN to require mandatory TOU rates for residential solar DG customers. (Excluded from prohibition of NRS 704.085.) (The PUCN would still be able to address intra-class cost shifts through adjustments to the rate structure for all customers. That is, using minimum bills, higher BSCs, demand charges, etc. applied to all customers.)

**(3)** On the “export rate” issue, consider a transition approach like the proposed NY deal.

**Jessica Scott – Proposal Solicitation**

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**(Vote Solar proposal)** Vote Solar’s preference is to establish 235 MW of installed capacity as the criteria by which customers should be grandfathered. Because the PUC noted that NV Energy failed to notify their customers of the impending rate changes, Vote Solar believes it is inappropriate to consider any cut-off date before December 31, 2015.

2. **Expansion/revision of NEM** (Consumer Confidence) – *Should we expand the 3% cap on NEM, and if so, how many years or capacity? Should an alternative to the NEM structure be developed and/or if changes should be made in what data is utilized to establish rates?*

(Vote Solar Proposal) Net metering is codified in the Net Metering System statutes, NRS 704.766-775 (“NEM Statutes”). Utilities must offer net metering to their customers. NRS 704.773(1) (“A utility shall offer net metering”). Net metering is defined in the NEM Statutes as “measuring the difference between the electricity supplied by a utility and the electricity generated by a customer-generator which is fed back to the utility over the applicable billing period.” NRS 704.769. NRS 704.766 provides the Legislature’s declared purpose and policy in issuing this mandate, and enacting the Net Metering Statutes more generally, as:

1. Encourage private investment in renewable energy resources;
2. Stimulate the economic growth of this State;
3. Enhance the continued diversification of the energy resources used in this state;
4. Streamline the process for customers of a utility to apply for and install net metering systems.

Firstly, there should be consensus on what “reaching the cap” means in Nevada. Vote Solar believes this should be defined as installed capacity (not submitted applications), in which case Nevada has yet to reach the 3% NEM cap. The PUC’s 9-1-15 interim order found that “it is in the public interest to ensure that the 235 MW limitation is ultimately satisfied with completed projects”.

Secondly, NV Energy has legislative authority (through NRS 701B) and budget to meet their SolarGenerations program goal of installing 250 MW. At a minimum, the NEM cap should be expanded to 250 MW in order to meet the original intent of the SolarGenerations program.

Thirdly, given the extremely low overall percentage of DG on the grid—Vote Solar recommends suspending the cap to allow full retail rate NEM for a minimum of three years to allow adequate time for a data-driven, comprehensive investigation of solar rate design.

3. **Incentivizing Utilities** (Commercial Issue) -- *Should the utility receive a return on the DG investment at its PUC-authorized rate of return?*

(Vote Solar proposal) Given Vote Solar’s involvement in California working on a similar recommendation from Commissioner Florio, we would prefer to reframe question #3 to: “Should the Governor’s Office and PUC initiate a data-driven stakeholder process to establish a pathway for utility business model reform that would allow utilities to procure more

**renewable energy?**”. Vote Solar believes a stakeholder process should be initiated before a bill draft request on this topic is submitted to the Governor’s Office. In order to create an effective policy, data from NV Energy and others is needed in order to identify locations where NV Energy can defer investments by investing in distributed energy resources. A stakeholder process based on data would seek to answer question #3, among other alternatives to meet the objective of reforming business models to help utilities procure more renewables.

### **Jeremy Susac – Proposal Solicitation**

The TAC agreed to file proposals on the following subject matters by noon on Friday, April 22, 2016. The following proposals are submitted on behalf of Sunstreet Energy Group.

1. **Grandfathering** (Restore Confidence) – There is general consensus to grandfathering NEM customers who made the investment in rooftop solar prior to the 235 MW cap being reached. There is also general consensus for the grandfathering to run 20 years and with the home – not the equipment or the customer account. In addition, this proposal deems it prudent to grandfather retail rates to those NEM customers that submitted a valid application to the utility by December 31, 2015.
2. **Expansion of NEM** (Promote to Maturity) – Residential NEM at the retail rate should be restored till NEM represents ten percent (10%) of the utility’s fuel mix to achieve fuel and generation diversity. The exercise of economic discipline and holding the utility financially harmless is outlined in No. 3 below: “Incentivizing Utilities”
3. **Incentivizing Utilities** (Commercial Issue)- The State of Nevada should establish a clean energy fund that will offset prudent costs incurred by the utility related to interconnection of solar distributed generation. In addition, the PUC should explore the prudence of increasing a utility’s authorized return on investment for accommodating DG from solar.
4. **Expansion of DG** (Moving beyond NEM for the future) – The State of Nevada should adopt the 2015 IECC Alternative Compliance path that allows renewables to play a role in achieve code compliance under the IECC Energy Code. Affordability of housing is constrained by the Energy Code and use of on-site renewable power production conserves natural resources and reduces a builders compliance costs.
5. **Establishing a Full Time Policy Body** (Planning for Emerging Technologies) – The State of Nevada should create an Energy Commission that serves as the head of the Governor’s Office on Energy with members appointed by the Governor representing a utility, new technologies, and the ratepayers. This body should be charged with reviewing new and emerging technologies and providing recommendations to the Governor and the Legislature as to how best to utilize those

technologies in the future. This body should be independent of the PUC, allowing the PUC to handle cost and rate issues, while the Energy Commission is the body that helps to set policy.

### **Bo Balzar – Proposal Solicitation**

The TAC agreed to file proposals on the following subject matters by noon on Friday, April 22, 2016.

1. **Grandfathering** (Confidence) – There is general consensus to grandfathering NEM customers who made the investment in rooftop solar prior to the 235 MW cap (3% of peak generation) being reached. There is also general consensus for the grandfathering to run 20 years and with the home – not the equipment or the customer account. The remaining question is whether the grandfathering cut-off date should be September 10, 2015 or December 31, 2015?

*I recommend that all NEM 1 ratepayers are grandfathered under NEM rules that were in place prior to the recent PUCN order. (the kWhr for kWhr “credit” system)*

*SB374 specifically determined the “3% cap” to be 235 MW. The “cutoff” should be capacity as defined by legislation.*

*SB374 included specific direction on how the utility was to keep a list of ratepayers who would be included within the 235MW, by maintaining a list based on when applications are received and, also included provisions to account for any attrition.*

*The 3% cap provides protection to avoid an “unreasonable cost shift” by limiting the penetration of NEM systems. AB374 looked for the same protection of an “unreasonable cost shift” to non NEM ratepayers when the “cap” was eliminated and directed the PUCN to develop a new rate structure.*

*Additionally, I recommend any NEM ratepayers participating in the SolarGenerations program (NRS 701b) be allowed to participate at NEM1 rates. The capacity goal of the Solar Energy Systems Incentive Program is 250MW. Allowing participants of the SolarGenerations Rebate program will facilitate the objectives of this goal.*

*I recommend that a NEM system is the consideration to be “grandfathered” in and if there is a change of service at a premise number, there is an option for either a) the NEM system to be re-located to the same ratepayer at a different premise number, or b) the new ratepayer, at the existing premise, may participate in NEM 1 rate structure at the premise where the NEM system was installed.*

*I recommend that the grandfathering rate go on for a period of 15 years.*

2. **Expansion/revision of NEM** (Consumer Confidence) – Should we expand the 3% cap on NEM, and if so, how many years or capacity? Should an alternative to the NEM structure be developed and/or if changes should be made in what data is utilized to establish rates?

*Ratepayers participating in the SolarGenerations Incentive program should be allowed to participate in NEM1 rates.*

*Yes, there should be changes to what data is utilized to establish rates. At our first meeting, the PUCN stated that a program in South Carolina had determined there were 11 different impacts of NEM systems, but only 2 were considered in the recent PUCN docket related to new rate structure for NEM*

systems. Interveners in PUCN IRP dockets should provide this information for the PUCN to consider. The PUCN should be allowed to enlist the opinion of 3<sup>rd</sup> party experts if needed. Any and all data that can be quantified to show the benefits and/or costs to the “system” associated with NEM installations should be analyzed and a value determined by the PUCN. Any items that are unquantifiable should be defined and provided to legislatures to help determine if there is a value and what that value should be.

3. **Incentivizing Utilities** (Commercial Issue) -- Should the utility receive a return on the DG investment at its PUC-authorized rate of return?

*When the PUCN determines the overall value and/or costs associated with NEM installations, the impact to the investor side of the utility should be considered.*

### **Dale Stransky – Proposal Solicitation**

#### **Subject 1. Grandfathering.**

Question asked: “There is general consensus to grandfathering NEM customers who made the investment in rooftop solar prior to the 235 MW cap (3% of peak generation) being reached. There is also general consensus for the grandfathering to run 20 years and with the home – not the equipment or the customer account. The remaining question is whether the grandfathering cut-off date should be September 10, 2015 or December 31, 2015?”

#### **Response and Proposal:**

- a. Grandfathering under the pre-existing rate schedules and tariffs for net metering (i.e. those in effect on December 31, 2015) shall be made to all existing net metering residential customers of NPC and SPPC who had installed, and/or had received approval, prior to January 1, 2016, from NPC and SPPC to install, net metered rooftop solar systems.
- b. The grandfathering period for all said customers shall commence on January 1, 2016, and last for a period of 20 (twenty years), terminating on December 31, 2035.
- c. The grandfathered rates shall run with the land and home and shall be alienable to successive buyers for the grandfathering period.
- d. The grandfathered rates shall be limited to the capacity installed, or under contract for installation, on December 31, 2015, and shall not be enlarged upon by later installation of another system.

## **Subject 2. Expansion/Revision of NEM (Consumer Confidence)**

Questions asked: *“Should we expand the 3% cap on NEM, and if so, how many years or capacity? Should an alternative to the NEM structure be developed and/or if changes should be made in what data is utilized to establish rates?”*

### **Response and Comment:**

- a. In regard to the 3% cap on NEM, under this proposal there would no longer be a cap. The rates would consist of:
  - i. The preexisting NEM rate structure (net metering would be a full retail rate of the applicable tariff) but include:
  - ii. The new NEM rate schedule for all residential and small commercial customer classes not grandfathered as of December 31, 2015, would contain a rate structure similar to the NEM rate structure for medium and large commercial customer classes. This NEM rate structure for medium and large commercial customer classes retains the net metering billing structure provided for in NRS 704.775, which includes *just and reasonable* customer and demand charges. The time-of-use rate schedules would remain optional for residential and small commercial NEM customers. However, the proposal would not extend to requiring mandatory time-of-use rates or demand charges for the non-net metering residential customers.
  - iii. It is anticipated, rates for all NEM customers would be re-set, alongside all other rates, similar to medium and large commercial customers in a general rate case.

## **Subject 3. Incentivizing Utilities (Commercial Issue)**

Question asked *“Should the utility receive a return on the DG investment at its PUC-authorized rate of return?”*

### **Response and Comment:**

If the question is asking if the utility should receive a rate of return for a separate owner’s investment or third party investment, the answer is no.

Response to proposal solicitation and suggested additional topics for consideration.  
Jack McGinley – April 22, 2016

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1. **Grandfathering** (Confidence) – There is general consensus to grandfathering NEM customers who made the investment in rooftop solar prior to the 235 MW cap (3% of peak generation) being reached. There is also general consensus for the grandfathering to run 20 years and with the home – not the equipment or the customer account. The remaining question is whether the grandfathering cut-off date should be September 10, 2015 or December 31, 2015?

Individuals and entities can interpret the term grandfathering differently. Thus, when preparing legislation or a recommendation regarding the concept of grandfathering, a decision must be made regarding the specificity of the proposal. Stated differently, the proposal must either confer upon an agency the discretion to make decisions within parameters (e.g., to address whether expansions of private generation is permitted) or be prescriptive.

In proceedings before the Public Utilities Commission of Nevada, NV Energy recommended that September 10, 2015, should be the point of demarcation. Customers who had either applied for or installed private generation before that date should enjoy the rights established by Nevada law before the passage of Senate Bill 374. NV Energy's proposal did not mean, however, that rate design and pricing changes would not occur.

2. **Expansion/revision of NEM** (Consumer Confidence) – Should we expand the 3% cap on NEM, and if so, how many years or capacity? Should an alternative to the NEM structure be developed and/or if changes should be made in what data is utilized to establish rates?

Under the existing tariffs approved by the Public Utilities Commission of Nevada there is no longer a cap on net metering. The state should not extend the pre-existing net energy metering rules or increase the "cap" that existing under those rules. Customers who install private generation after September 10, 2016, should be served under the tariffs approved the Public Utilities Commission of Nevada.

3. **Incentivizing Utilities** (Commercial Issue) -- Should the utility receive a return on the DG investment at its PUC-authorized rate of return?

NV Energy has evaluated the use of distributed energy resources to address system needs. When cost effective in comparison to other alternatives, an investment made by NV Energy in distributed energy resources should be treated like any other investment by the company in assets that are dedicated to



providing energy services to customers. The committee should study the various options available that were discussed in our April 14 meeting.

**Proposed topics for consideration by the task force.**

1. **Consumer protection.**
2. **Revamping of the RenewableGenerations program** – The RenewableGenerations program is considered to be a demonstration project. It is time to revamp the project to provide enhanced value for the remaining budget dollars. The law requires that NVE spend \$255 million for solar distributed generation incentives and \$40 million for wind and hydro for a total of \$295 million to be paid for incentives. There is approximately \$35 million uncommitted solar and \$12 million of uncommitted wind and hydro budget remaining.