Regulatory Proceedings 201

Tuesday, June 18

Agenda

- Types of Regulatory Cases (Cont.)
- Proactive Stances a Commission Can Take (with examples)
- Guest Speaker: Boratha Tan, Vote Solar

Types of Cases (Continued)

Siting Cases

Ensuring adequate, efficient, safe and affordable service requires oversight over infrastructure siting

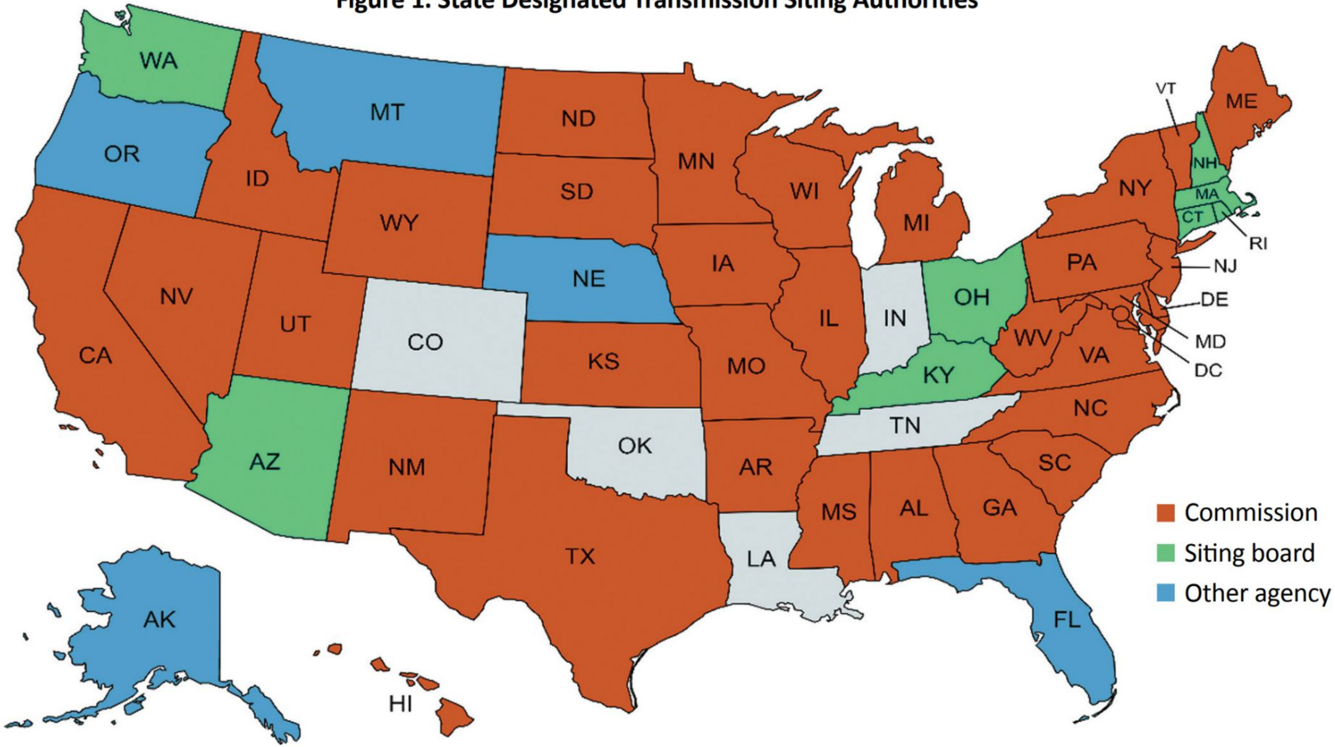
- Utility-scale solar, wind, and biomass siting cases
- Construction, repair, and extensions of converter stations, substations, pipelines, and utility lines (transmission siting)
- Modification or installation of hydroelectric facilities
- Natural gas infrastructure

Siting Cases: Considerations

Commissions may consider:

- Safety
- Environmental impacts
- Impacts on scenic and historic sights
- Existing land use and landscape
- Soil and sedimentation; terrain; hydrology
- Plant and wildlife habitats
- Proximity to railways, roadways, and airports is sometimes a factor

Figure 1. State Designated Transmission Siting Authorities



[Mini Guide on Transmission Siting: State Agency Decision Making]

Service Quality Proceedings

- A commission will review a utility’s plan to meet service quality and reliability standards which includes:
  - Reporting requirements
  - Investigations into major outages
  - Penalties for violations of service quality rules
  - Customer compensation for service quality issues
- Plans are reviewed and updated on an ongoing basis to establish a foundation for evaluating utility performance

Net Energy Metering (NEM) Cases

NEM: a billing mechanism that allows residential and commercial customers who generate their own electricity from solar power or other renewable energy sources to feed the excess electricity back into the grid and receive credits or compensation for it.

Typical arrangement:

1. When the system generates more electricity than the customer is using, the excess power flows back into the utility's electrical grid.
2. The customer's electricity meter keeps track of this excess electricity sent to the grid, essentially running backwards.
3. At the end of the billing cycle, the customer's utility bill is calculated by netting out (hence the term "net metering") the amount of electricity drawn from the grid against the amount sent back to the grid.
4. If the customer sent more electricity to the grid than they consumed, they receive credits on their utility bill or are compensated at a predetermined rate for the excess.

NEM Compensation

- What does adequate compensation look like for customers providing energy back to the grid?
- Need to strike a balance between promoting the adoption of distributed renewable energy while ensuring fair cost allocation, grid reliability, and sustainable utility business models.
- Commissions will review information related to:
  - Costs, utility financials, and rate design proposals
  - Solar adoption forecasts
  - Grid integration studies
  - Environmental and social impacts
  - Existing customer data

The NEM 3.0 Battle

- California PUC approved NEM 3.0 in 2022 and the new rates went into effect April 2023
- Previous NEM policies compensated solar owners with the full retail rate of electricity they generated
- NEM 3.0 slashed that compensation by about 75 to 80%

The NEM 3.0 Battle Cont.

- Aimed to increase storage on the grid
- Increased costs for solar installations as well as the payback period
- Shrunk the market, affecting small solar companies the most
- December 2023: Challenge to NEM 3.0 was dismissed
- Now the state supreme court will hear the case challenging NEM 3.0

Actions for Proactive Commissions

Early Coordination for Federal Funding

- Federal funding opens up several opportunities to advance energy equity in long underserved communities
- Commissions can and should be active participants in shaping program design and coordination among state energy offices, utilities, energy developers, community organizations, and other stakeholders to ensure a program's success

Solar for All

- Part of the Greenhouse Gas Reduction Fund
- $7 billion worth of grants to 60 applicants to invest in solar programs serving low-income and underserved communities
- Eligible technologies included:
  - Behind-the-meter solar, including rooftop, pole, and ground-mounted, that serves single- and multi-family residences.
  - Residential-serving community solar, with the caveat that at least 50% of the generated electricity must be delivered to residential customers in the same utility service territory.
  - Associated energy storage, deployed in conjunction with solar, maximizing the potential of the grant's funding.
  - Enabling upgrades, which houses any investments to ensure a building is ready for solar to be installed – such as roof repairs and energy efficiency upgrades.

Supporting Implementation

- Solar for All like many federal investments expected to flow to states, will open up new markets and opportunities
- Some states will need to adjust their siting and permitting processes to allow projects to come online
- Other states will need legislative solutions such as increasing the state’s renewable energy standards
- Other states will need regulatory solutions to adopt supportive programs for new projects coming online such as energy efficiency programs

California is Banking on Federal Dollars

- PUC rejected Net Value Billing Tariff that would have enabled building community solar-battery projects over the coming decades
- The commission is encouraging investment in utility-backed plans and is hoping federal dollars will provide a boost to the long stagnant programs
- In order to actually receive the $249 million from Solar for All the state will have to prove that these existing programs will meaningfully reduce low-income customer bills and provide other social benefits

California regulators reject plan that would've boosted community solar

The CPUC rejected a broad coalition's effort to enable community-solar-and-battery projects, voting instead to approve a proposal solar groups say is dead on arrival.

Compensating Plant Owners for Early Retirement

- Create a long-term strategy for retirement, focusing on serving the most environmentally burdened communities first, as well as, those hosting energy resources vulnerable to climate impacts
- Standardize incentives for retirement, making sure to minimize costs to ratepayers
- Ensure that new energy resources are in line with community priorities and integrate robust community benefits including ownership and control pathways
- Develop toolkits based on best practices from across the country and connect with local organizations and community redevelopment leaders to shape the long term vision of a local transition

Navajo Generating Station

- 2017: Arizona Corporation Commission approved a plan to decommission the Navajo Generating Station, a large-coal fired power plant and with it came the closure of Kayenta Mine
- Under the agreement, the major utility owners were allowed to recover some of the costs associated with closing the plant early
- Specifically, the plan included:
  - Cost recovery of $190 million for decommissioning and environmental cleanup costs related to the plant closure.
  - Recovery of $145 million in lease payments and other obligations tied to the plant's operations.
  - Permission for the utilities to recover investments in pollution control equipment installed at the plant in recent years.

Not Exactly a Just Transition

- Communities are already impacted by the loss of revenue
- What does compensation look like after years of supporting the growth of nearby cities?
- What other agencies need to step in to manage land reclamation and restoring the landscape?
- This plant closure and the impacts on the Navajo and Hopi nations will unfortunately be reminders of how not to manage a transition but there are still plenty of opportunities to shift the course of the plans

Requiring Rigorous Stakeholder Engagement

- Several states require varying degrees of stakeholder engagement for various proceedings.
- A review of IRP stakeholder engagement processes from Lawrence Berkeley National Laboratory found that:
  - In Arkansas, IRP guidelines establish a Stakeholder Committee as part of the IRP process
  - Georgia convenes a Demand Side Management Working Group and grants intervenor status to the group
  - In Indiana: Utilities must form an IRP Contemporary Issues Technical Advisory Committee made up of stakeholder groups like consumer representatives, environmental organizations, state agencies, and other interested parties to provide input and feedback
  - In Nevada: “Utility must meet with the Commission, Bureau of Consumer Protection, Office of the Attorney General and any other interested person prior to filing (Nevada SB65 2017).”

Determining Membership and Meeting Content

- There are limited examples of rules or regulations articulating the roles of participants in IRP stakeholder engagement
- There is also a lack of clarity around the timing and number of meetings or outreach opportunities
- There are limited examples of requirements in rules or regulations for certain material to be covered in stakeholder meetings.
- Third party facilitation of stakeholder meetings is an underutilized best practice as well

Program Updates

- Sessions will be weekly moving forward
- Reminder to connect with your project support person/people
- If you are running into any issues with your project, please reach out and let me know
- After this session, doodle will go out for August presentation date

Guest Speaker:
Boratha Tan, Regulatory Manager, Midwest Vote Solar

Questions?