

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Commission's Review)	
of Chapter 4901:1-10, Ohio Administrative)	Case No. 12-2050-EL-ORD
Code, Regarding Electric Companies)	

**MEMORANDUM CONTRA APPLICATION FOR REHEARING
OF INTERSTATE GAS SUPPLY, INC**

I. INTRODUCTION

Pursuant to Ohio Administrative Code ("OAC") 4901-1-35, Interstate Gas Supply, Inc. ("IGS") hereby submits this Memorandum Contra Application for Rehearing.

Distributed electric generation has great promise to deliver cleaner, more reliable and cost effective electric generation to customers in the future. Distributed generation can also alleviate strain on an aging electric grid. Reasonable access to net metering, however, is essential for promising distributed electric generation technologies to play a more substantive role in the overall electric generation mix for customers. In their Applications for Rehearing a number of parties requested changes to Ohio's electric utility rules that would limit net metering. The Commission should be wary of adopting these proposals as they would stifle the development of promising distributed generation technology. As such, IGS objects to the following requests for rehearing that attempt to restrict the availability of net metering for customers.

II. COMMENT

A. The Commission Should not Limit the Size of Net Metering Projects.

The Ohio Edison Company, The Cleveland Electric Illuminating Company and the Toledo Edison Company ("FirstEnergy") applied for rehearing seeking modifications

to the PUCO electric utility rules to limit the size of net metering projects.¹ Distributed generation should have an opportunity to compete on a level playing field with large scale centralized generation. In order to do so, distributed generation customers should have access to the electric utility grid, just as large centralized generation does. Putting arbitrary restrictions on the size of net metering projects would put an unreasonable restriction on distributed generation customers' utilization of the electric grid. In order to foster the development of distributed generation the Commission should adopt rules and policies that, at a minimum, place distributed generation on an equal playing field with large centralized generation. As such the Commission should reject FirstEnergy's proposals in 4901:1-10-28(B)(6) to limit the size of net metered projects.

B. A Virtual Net Metering Docket Should be Opened.

In the Opinion and Order adopted in this proceeding approving modifications to the electric utility rules ("Utility Rules Order") the Commission ordered that a docket be opened for the purpose of continuing to consider and evaluate virtual and aggregate net metering.² In its Application for Rehearing, FirstEnergy opposed the opening of such a docket.³ The Commission's decision to open a docket to explore virtual and aggregate net metering, however, is reasonable. Aggregate and virtual net metering has potential to further facilitate the use of net metering for customers and thus is an issue that is worthy of further inquiry.

C. Additional Costs Should Not be Levied on Net Metered Customers.

¹ FirstEnergy Application for Rehearing at 15-23.

² Utility Rule Order, at para 72

³ FirstEnergy Application for Rehearing at 24-25.

In its Application for Rehearing FirstEnergy proposes charging net metered customers additional fees and administrative costs.⁴ As justification for these charges, FirstEnergy cites likely differences between day ahead and real-time energy prices that can create discrepancies between the price paid to the net metered customer and the value of the electricity delivered into the grid.⁵ What FirstEnergy fails to consider though is that the discrepancies go both ways - sometimes they will benefit the net metered customer and sometimes they will benefit the electric distribution utility (“EDU”) - canceling each other out in the end. Thus, no additional charges are needed to account for the discrepancies FirstEnergy alleges, or at a minimum, any fees should be based on the *net* discrepancy between prices, not simply a charge to customers because a discrepancy might exist.

FirstEnergy also proposes levying additional administrative fees on net metered customers for purported costs FirstEnergy incurs for serving net metered customers. The additional fees, however, appear to be nothing more than a thinly veiled attempt to make net metering, and consequently distributed generation, more expensive for customers. Further, net metered customers pay distribution fees and stand-by charges to the EDU and are entitled to reasonable services for the fees already paid. As such the Commission should reject FirstEnergy’s proposed modifications to Rule 4901:10-34.

Dayton Power & Light (“DP&L”) also proposes in their Application for Rehearing to charge electric distribution rates for excess generation delivered back into the grid by net metered customers. IGS is not opposed to charging distribution rates for excess

⁴ FirstEnergy Application for Rehearing at 26.

⁵ *Id.*

generation, *if feed-in tariffs for excess generation are priced at market rates and net metered customers are not paying stand-by charges*. IGS agrees that there should be parity for net-metered generation and large centralized generation but it is IGS' experience that most EDUs charge stand-by charges for distributed generation customers and the feed-in tariffs offered to distributed generation customers are well below the market price for generation. Large centralized generation is not subjected to these market barriers. Thus, it would be unreasonable to levy additional distribution charges on net metered customers, before the greater disparities are corrected. The Commission should reject DP&L's proposed edit to 4901:1-10-28(B)(10).

D. CRES Suppliers Should not Be Required to Issue a Credit for Net Metered Customers.

In their Application for Rehearing, DP&L and the Ohio Power Company ("AEP") object to rule 4901:1-10-28(B)(9)(c) that requires electric distribution utilities ("EDUs") to credit customers' bills for electricity delivered back into the distribution system.⁶ DP&L then contends that CRES suppliers should be responsible for issuing the credit if the net metered customer is being served by a CRES supplier. CRES suppliers should not be required to credit the customer for net metered generation because CRES suppliers will not be getting access to, or utilization of, the electricity delivered back into the grid. Rather, the EDU receives this electricity which presumably reduces the SSO supply obligations of the EDU. Therefore, the Commission should not adopt DP&L's or AEP's proposed modification to 4901:1-10-28(B)(9)(c).

III. CONCLUSION

⁶ DP&L Application for Rehearing at 10; AEP Application for Rehearing at 3-5.

It is important for the Commission to adopt policies that enable customers to explore distributed generation options for their electric generation needs. In order to do so customers must have access to net metering services from the EDU at reasonable cost. Accordingly, IGS respectfully requests that the Commission reject proposals made by the EDUs that would unlawfully and unreasonably restrict customer's access to net metering service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I served a true copy of the foregoing Memorandum Contra Application for Rehearing upon the following via electric transmission, this 24th day of February, 2014.

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Summary: App for Rehearing Memo Contra electronically filed by Mr. Matthew White on behalf of IGS Energy