

**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)	

**COMMENTS OF IGS SOLAR, LLC, IGS GENERATION, LLC, AND INTERSTATE
GAS SUPPLY, INC.**

I. INTRODUCTION

On November 18, 2015, the Public Utilities Commission of Ohio (“Commission”) solicited for comment draft net metering rules. IGS Solar, LLC, IGS Generation, LLC, and Interstate Gas Supply, Inc. (collectively, “IGS”) appreciate the Commission’s and Commission Staff’s desire to develop reasonable and fair net metering rules for Ohio. IGS has experience developing, owning, and operating distributed generation projects, including solar, combined heat and power, and bio-gas throughout the country.

R.C. 4928.02(C) provides that it is the policy of the state of Ohio to “ensure diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and ***by encouraging the development of distributed and small generation facilities.***” (emphasis added). It is IGS’s experience that fair and reasonable net metering rules that provide reasonable compensation and incentivize delivery of electricity back onto the grid enable distributed generation development. It is also IGS experience that states without reasonable net metering rules fail to develop distributed generation projects. Thus, in order to effectuate the state policy to encourage the development of distributed generation the Commission

should ensure net metered projects receive fair compensation, and not place undue costs on distributed generation projects.

As discussed further below, IGS largely supports the draft rules. IGS limits its initial comments to addressing the following four topics:

- The proposed method for providing net metering compensation to customer generators served by competitive retail electric service (“CRES” or “suppliers”) providers;
- The need to exempt customers that pay for an advanced meter at their own expense from the cost of future advanced metering riders;
- The need to open a separate proceeding to address virtual net metering;
- The proposed definition of net metering system.

II. BACKGROUND AND COMMENTS

A. Supplier Compensation to Customer Generators

The draft rules propose that shopping customers receive compensation for net metered electricity based upon a price negotiated between the customer and the supplier. The draft rules state that “[t]he electric services company and the customer shall define the terms of the contract, including the price, rate, credit, or refund for any excess production by a customer-generator. An electric services company is not required to enter into any net metering contract with any customer. Only customers who have signed an interconnection agreement with the electric utility may engage in net metering with an electric services company.”¹ Taken together with the additional

¹ Draft Rule 4901:1-10-28(B)(1).

proposals discussed below, IGS does not object to suppliers providing compensation to customer generators.²

The draft rules also propose to establish requirements for calculating supplier PJM settlement statements to ensure that suppliers receive credit for electricity a customer generator places onto the grid:

The electric utility ***shall ensure that any final settlement data sent to a regional transmission organization includes negative loads in the hourly load calculation of any electricity*** provided to an electric services company from its customer-generators. ***Load from a customer-generator shall be incorporated in the electric services company's total hourly energy obligation reported to the regional transmission organization, and will offset the energy services company's reported load to the regional transmission organization.***³

Additionally, the proposed rules require utilities to calculate net metered customers' capacity and transmission bill (network service peak load contributions) based upon actual usage:

The electric utility shall at least annually ***calculate and provide to the electric services company the individual network service peak load values and peak load contributions*** of customer-generators engaged in net metering with that electric services company.⁴

IGS supports the above proposals to credit supplier PJM settlements statements and to calculate capacity and transmission obligations based upon actual usage. But, in order to do any of these things, the customer must have an advanced meter capable of gathering interval data.

² In earlier stage of this proceeding, a set of draft rules proposed that the utility provide compensation to all customer generators regardless of their status as a default service or shopping customer.

³ Draft rule Draft Rule 4901:1-10-28(B)(9)(f)(emphasis added).

⁴ Draft Rule 4901:1-10-28(B)(9)(e)(emphasis added).

B. Net Metered Customers that Install Advanced Meters Should be Exempt from the Cost of Future Advanced Meter Riders

IGS recognizes that there is a general movement throughout the state toward advanced meter deployment. But that is likely to take several years. In the meantime, the proposed rules would not require a customer to install an advanced meter capable of recording interval data.⁵ Rather, the customer may elect between an ordinary bi-directional flow meter and an advanced meter.

A bi-directional flow meter, of course, cannot measure and record interval data. To the extent that a customer elects to install a bi-directional flow meter, it may limit the amount of compensation that, as a practical matter, a supplier can provide to the customer. The reason is simple. The utility is likely to provide credit on the supplier's PJM settlement statement only equal to the amount of energy that the utility can verify the customer generator placed onto the grid in each hour of the day. Without an advanced meter that records the hourly energy production of a distributed energy resource, there is no way for the utility to accurately make that determination. And, if suppliers do not receive credit for the electricity that a customer places back onto the grid, it is unlikely they would provide the customer compensation—that would be like paying the customer while receiving nothing in return. Thus, a customer generator that desires to shop for electricity will have to pay extra to install an advanced meter.

Moreover, customer generators that proactively install advanced meters at their own expense may ultimately be saddled with duplicative advanced metering charges to the extent that their utility subsequently rolls out advanced meters. To avoid that unjust and unreasonable result, IGS recommends that the Commission modify the draft rules

⁵ Draft rule Draft Rule 4901:1-10-28(B)(8).

to provide that a customer generator that installs an advanced meter at their own expense be exempt from paying the cost of advanced metering-related riders.

C. The Commission Should Open a Proceeding to Establish Virtual Net Metering Rules

In a prior stage of this proceeding, in January 2014, the Commission indicated that it would evaluate rules related to virtual net metering:

The Commission appreciates the comments provided by stakeholders, and will use those comments when considering rule revisions in the future. Furthermore, the Commission believes that further collaboration between EDUs and CRES providers is necessary for appropriate implementation of virtual and aggregate net metering. It is for this reason that the Commission will be opening a new docket for the purpose of continuing to consider and evaluate virtual and aggregate net metering. This docket will be used as an opportunity for the Commission to continue to grow in its understanding of the issues regarding virtual and aggregate net metering, and how they comport with the laws and policies of the state of Ohio.⁶

Although nearly two years have elapsed, the draft rules are focused solely on traditional net metering arrangements through which the customer generator installs distributed generation on their premises.

Unfortunately, not all customers are eligible to install distributed generation for several reasons. For example, a large portion of residential customers are not eligible to install solar panels due to the directional face or slope of their roof. Customers in multifamily housing or condominiums face restrictions as well.

To address the limited access to net metering, many states have adopted programs that allow for virtual net metering. Virtual net metering allows multiple customers to subscribe to a single generation project and receive net metering credits, pro-rata, for the amount of energy that project delivers onto the grid. Virtual net metering

⁶ Finding and Order at 43 (Jan. 15, 2014).

can expand the availability of distributed generation to this underserved class of customers and is also a useful tool to help kick-start distributed generation development in a state.

Moreover, virtual net metering would allow developers to build larger distributed generation projects. As scale increases, the cost per kilowatt hour decreases. Thus, virtual net metering has the potential to increase the competitiveness of distributed generation in Ohio.

IGS urges the Commission to open a proceeding to evaluate rules related to virtual net metering. As already noted, multiple states have already established virtual net metering rules, including Maryland, New York and Massachusetts, and thus Ohio would not need to reinvent the wheel when developing rules for virtual net metering. Finally, community net is consistent with the states policy in R.C. 4928.02(C) to encourage the development of distributed generation projects and small scale dispersed generation.

D. Expansion of the Definition of Net metering Definition

The proposed rules limit net metering to customer generators that use “as its fuel either solar, wind, biomass, landfill gas, or hydropower, or uses a microturbine or a fuel cell.”⁷ Thus, reciprocating engines do not qualify. IGS understands that the draft rules rely upon the statutory definition of a net metering system contained in R.C. 4928.01(31). That definition, however, fails to satisfy the spirit of state policy in R.C. 4928.02 to promote the development of distributed generation.

⁷ Draft Rule 4901:1-10-28(B)(2).

- (C) Ensure diversity of electricity supplies and suppliers, by giving consumers effective choices over the selection of those supplies and suppliers and by encouraging the development of distributed and small generation facilities;
- (D) Encourage innovation and market access for cost-effective supply- and demand-side retail electric service including, but not limited to, demand-side management, time-differentiated pricing, waste energy recovery systems, smart grid programs, and implementation of advanced metering infrastructure;
- (F) Ensure that an electric utility's transmission and distribution systems are available to a customer-generator or owner of distributed generation, so that the customer-generator or owner can market and deliver the electricity it produce;
- (J) Provide coherent, transparent means of giving appropriate incentives to technologies that can adapt successfully to potential environmental mandates;
- (K) Encourage implementation of distributed generation across customer classes through regular review and updating of administrative rules governing critical issues such as, but not limited to, interconnection standards, standby charges, and net metering.

Moreover, the Commission is directed to achieve these goals by recognizing “the continuing emergence of competitive electricity markets through the development and implementation of flexible regulatory treatment.” R.C. 4828.02(G). The Commission should invoke these principles and modify the draft rules to include reciprocating engines as part of a combined heat and power or waste heat recovery system in the definition of net metering system.

III. CONCLUSION

IGS appreciates the Commission’s efforts in establishing appropriate net metering rules that fit the needs of shopping and default service customers and promote the state policy in favor of distributed generation deployment.

Respectfully submitted,

/s/ Joseph Oliker

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CERTIFICATE OF SERVICE

I hereby certify that I served a true copy of the foregoing *Comments of IGS Solar, LLC, IGS Generation, LLC, and Interstate Gas Supply, Inc.* were served upon the following parties via electric transmission, this 18th day of December 2015.

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