BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

REPLY COMMENTS OF
THE DAYTON POWER AND LIGHT COMPANY

The Dayton Power and Light Company ("DP&L" or "Company") submits the following comments in reply to initial comments previously filed by interested participants in this proceeding. DP&L's comments are generally grouped within subject categories and not by party. The lack of a reply comment with respect to some or any aspect of another participant's comments should not be construed as agreement with the comments.

I. The terms "Supplied" and "Received" should not be substituted with "Produced" and "Consumed."

Direct Energy Services suggests the terms "produced" and "consumed" be used in place of "supplied" and "received" in Section 4901:1-10-28(B)(9).[1] Similarly, the Alliance for Solar Choice ("Alliance") recommends changes that are based upon what a customer's generation system "produces."[2] The PUCO should reject these recommended changes to ensure that the appropriate terminology is used.

The utility does not measure what a net metering system generates or "produces,", nor what a customer "consumes." Rather, the utility only measures what flows through the utility's meter. It is possible that the customer generates and consumes electricity from its own

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[1] Initial Comments of Direct Energy Services, LLC, and Direct Energy Business, LLC, at 3 (Dec. 18, 2015).

[2] *See*, Comments on Proposed Changes to Net Metering Regulations The Alliance for Solar Choice ("Alliance Comments"), at 2 (Dec. 18, 2015).

generation without any of it flowing through the utility's meter. Thus, the terms "supplied" (what the utility supplies to the customer) and "received" (what the utility receives from the customer) more accurately and appropriately describe how net metered electricity is measured.

II. An excess generator should receive a monetary credit instead of a kWh credit, which only includes an energy not a capacity component.

The Environmental Advocates[3] propose that the monthly excess generation credit should be a kWh credit that rolls over month-to-month indefinitely or, alternatively, until the end of the year.[4] Allowing the credit to be applied on a kWh basis, however, permits the excess generator to receive a credit on the full retail rate, which includes distribution, transmission, and other non-bypassble charges. This is contrary to the Supreme Court of Ohio holding that excess generation is not entitled to a full retail rate because a net-generator only generates and supplies electricity it does not provide transmission, distribution, or ancillary services.[5] Specifically, the Supreme Court of Ohio stated:

> *R.C. 4928.67 and the commission's net-metering rule speak in terms of measuring and charging or crediting for 'electricity' produced or consumed. The August Rider as submitted provides for FirstEnergy's* ***crediting or refunding to a net generator of the 'energy charges of the unbundled generation component of the appropriate rate schedule.'*** *In other words, FirstEnergy must credit or pay to a net generator only the tariff charges for generation of the electricity by the net generator and supplied to FirstEnergy. The net-generator provisions of the August Rider speak solely in terms of electricity generated and supplied, as they should. A net-generator customer of FirstEnergy only generates and supplies electricity; it does not provide transmission, distribution, or ancillary services. It has no allowable transition costs for which transition charges are assessed, and is not responsible for paying into the Universal Service Fund or the Energy Efficiency Fund. Yet the commission-ordered modifications to the net-generator provisions of the August Rider would make FirstEnergy liable for*

[3] Environmental Law & Policy Center, Ohio Environmental Council, Natural Resources Defense Council, Environmental Defense Fund, and Vote Solar filed joint comments and collectively refer to themselves as "Environmental Advocates."

[4] Joint Comments of The Environmental Law & Policy Center, Ohio Environmental Council, Natural Resources Defense Council, Environmental Defense Fund, and Vote Solar ("Environmental Advocates' Comments"), at 2 (Dec. 18, 2015).

[5] *FirstEnergy Corp. v. Pub. Util. Comm.*, 95 Ohio St.3d 401, 2002-Ohio-2430

> *payment or crediting of all of those additional charges, in conflict with several provisions of the Revised Code in addition to R.C. 4928.67(B)(2).* (Emphasis added).

Pursuant to this ruling, an excess generator should receive a monetary credit equal to the excess kWh multiplied by the unbundled generation component of the appropriate rate schedule. Moreover, excess generation should be credited at the rate for the month in which it is generated. Credits that "roll forward" in kWh form would result in price differences due to effects such as seasonality and changing auction prices. Issuing a monetary credit for excess generation avoids this pitfall because customers receive credit for that generation at the current base generation price.

Alliance argues that net metering customers that supply renewable power to the grid should receive a credit that includes a capacity component.[6] But net metering customers only supply energy, "there is no sense in which net metering customers with excess generation supply capacity service to the grid."[7] Moreover, as previously quoted, the Supreme Court of Ohio found that net metering shall be the "crediting or refunding to a net generator of the energy charges of the unbundled generation component of the appropriate rate schedule." Therefore, DP&L agrees with the initial comments of AEP and supports an excess generation credit for SSO customers at the utility's SSO generation energy rate.[8]

III. The PUCO should reject any recommendations contrary to the objective 100% sizing requirement.

Environmental Advocates ask the Commission to refrain from establishing an absolute limit on the size of a net metering system to offset their own electricity requirements.[9] Instead,

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[6] Alliance Comments at 2.

[7] Initial Comments of Ohio Power Company ("AEP Comments") at 7 (Dec. 18. 2015).

[8] AEP Comments at 7-8.

[9] Environmental Advocates' Comments, at 2.

the Environmental Advocates recommend a presumption that is afforded if the customer builds a system that is under 120%.[10] DP&L urges the Commission to reject this proposal.

The approach recommended by the Environmental Advocates relies upon a more subjective component through a presumption, which is likely to result in litigation over whether a customer truly "intended to primarily offset part of all of the customer-generator's requirements for electricity."[11] The PUCO rules should provide clarity through an objective guideline, which is accomplished by limiting net metering customers from installing a system beyond a certain finite percentage. Moreover, the Environmental Advocates' recommendation contemplates customer-generator systems that would *exceed* even the 120% threshold, which cannot be reconciled with the statutory definition of a net metering system.[12] To comply with the Ohio Revised Code, the electric distribution utilities ("EDUs") unanimously recommend that customer generators should not be permitted to size their systems beyond 100% of their requirements.[13]

IV. The PUCO should not permit "virtual" or "aggregate" net metering.

In their Comments, the Interstate Gas Supply, Inc. and the Environmental Advocates suggest that the Commission should open a new docket to evaluate "aggregate and virtual net metering" as alternatives to the current form of net metering.[14] As set forth in DP&L's

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[10] Environmental Advocates' Comments at 2.

[11] R.C. 4928.01(A)(31)(d).

[12] *See, supra*.

[13] Comments of The Dayton Power and Light Company ("DP&L Comments") at 4 (Dec. 18, 2015); Comments of Duke Energy Ohio, Inc. ("Duke Comments") at 3 (Dec. 18, 2015); Comments of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company ("FirstEnergy Comments") at 6 (Dec. 18. 2015); AEP Comments at 14.

[14] Environmental Advocates' Comments 9; Comments of IGS Solar, LLC, IGS Generation, LLC and Interstate Gas Supply, Inc. ("IGS Comments") at 5-6 (Dec. 18, 2015)

Comments,[15] the PUCO should reject any notion of aggregate and virtual net metering, because it could jeopardize the reliability of the distribution grid. For instance, if a generator is installed at location A and is intended to offset the energy needs of a customer at location B, this could cause significant power flow problems to the utility's distribution system and could impact the reliability of every customer that is served between those two points. In reality, what the Environmental Advocates characterize as "virtual" or "aggregate" metering is wholesale generation masquerading as net metering. Those that install wholesale generators on the utility's system should go through the proper interconnection standards and power flow evaluation that are required by PJM. The Commission should refrain from creating a landscape by which net metering customers become a special class of wholesale generators that are exempt from meeting PJM requirements.

Moreover, generating electricity that can be applied to different metered accounts, and even at different locations, potentially violates Revised Code §4928.67(B)(3)(a), which states that "the electric utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices." Readings at one meter being applied to multiple other meters, both on-site and off-site, is not normal metering practices.

Finally, there are various administrative difficulties that would arise under "aggregate" or "virtual" net metering. As other EDUs have noted, net metering as it stands today is largely a manual billing process. DP&L's billing system cannot aggregate hourly, daily, or monthly kWh as read from meters that may be miles apart in a way that would permit the other aspects of the net metering rules to apply. Also, some customers with multiple locations and meters may not

[15] *See*, DP&L Comments at 1-2.

have meters read on the same day. To further complicate this proposal, customers may have some meters taking SSO service, while the rest of the meters are served by a CRES provider.

For these reasons, DP&L urges the Commission to refrain from opening a new docket or otherwise considering the institution of "virtual and aggregate" metering.

V. Either an interval or bi-directional net meter should be provided at the customer's expense.

The PUCO should reject the Office of the Ohio Consumers' Counsel ("OCC") suggestion to delete proposed Ohio Adm. Code 4901:1-10-28(B)(8)(c).[16] Such a deletion would run afoul of R.C. 4928.67(B)(1), which states:

> Net metering under this section shall be accomplished using a single meter capable of registering the flow of electricity in each direction. If its existing electrical meter is not capable of measuring the flow of electricity in two directions, *the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity flow in two directions*. [Emphasis Added]

Moreover, the cost-causation principle of rate making dictate that if the customer causes a different meter to be installed or a re-programming of its existing meter, the customer should be required to pay for it.

The PUCO should also reject OCC's suggestion that a net metering customer should be afforded the opportunity to obtain *both* an interval meter and a bi-directional meter.[17] The rules currently provide that if the customer's existing meter does not accurately measure energy in both directions, a new meter can be installed at the customer expense.[18] DP&L provides customers with a list of the meters that are available and their prices. DP&L has not had customers request two meters and unaware of a situation where a customer would want both a bi-

[16] Comments by The Office of the Ohio Consumers' Counsel ("OCC Comments") at 8 (Dec. 18,. 2015).

[17] OCC Comments at 7.

[18] *See, supra*, R.C. 4928.67(B)(1).

directional meter and an interval meter. In fact, the installation of redundant meters is not only unnecessary, but it would increase the costs to the net metering customer with no added benefit. No changes to the rules are necessary and OCC's proposed language changes to the rules should be rejected.

VI. The EDUs should not be required to offer time-differentiated rates for Standard Service Offer customers at this time.

OCC inappropriately uses this forum to suggest that the PUCO should require all Ohio utilities to offer time-differentiated rates in addition to Standard Service Offer ("SSO") rates.[19] In fact, it is unclear whether OCC is suggesting that time-differentiated rates be offered only to net metering customers or to all SSO customers. Either way, a time-differentiated SSO option has the potential to change the cost supplying SSO service. The implications of such an amendment to the net metering rules could have a large impact on all of the EDUs. Aside from the EDUs, at a minimum, winning bidders of the competitive bid should have an adequate opportunity to comment about the effect that time-differentiated rates will have on the service they are ultimately supplying. It is not appropriate to address an issue of such gravity in the context of this limited review of the net metering rules.

VII. The EDUs should not be required to provide rolling three years of customer usage.

DP&L urges the Commission to reject OCC's proposal that the utility should provide three years rolling average data for all customers on an on-going basis.[20] First, while customers that are considering installing a net metering system are more likely to be interested in their consumption history, not all customers are interested in having three years of consumption history. Moreover, if a net metering customer calls the utility and requests three years of billing

[19] OCC Comments at 9.

[20] OCC Comments at 4.

history, the utility can provide initial data to help the customer in the planning stages of their net metering system installation. And net metering customers are likely to use their own tools to track and evaluate the effectiveness of their generation system. Second, it is costly to store and maintain electronic billing data. To have three years of data readily accessible for every customer on a utility's system will increase hardware and maintenance costs. OCC's additional recommended language allowing customers to access their data through the utility's website[21] will compound the associated costs. Not all utilities have such a web-based system, which would require additional development costs. The EDUs should be afforded flexibility to communicate and provide data to its customers.

VIII. The EDUs should be afforded cost recovery associated with carrying out the net metering rules contained in Ohio Adm. Code 4901:1-10-28.

The rules should explicitly allow the EDUs to recover costs associated with accommodating the proposed net metering rules. For DP&L, net metering billing and the transmitting of data to customers and electric service providers is largely a manual process. Like Duke, at this time DP&L is not capable of performing many of the functions listed in the proposed rules.[22] The changes would be costly and would require significant time to implement.

Additionally, Duke suggests that the Commission rules explicitly state that utilities may recover excess credits in appropriate riders.[23] Similarly, FirstEnergy[24] suggests that the Commission should establish an explicit mechanism for the recovery of costs associated with

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[21] OCC Comments at 6.

[22] *See, e.g.*, Duke Comments at 5 (stating "Duke Energy Ohio does not yet have the ability to provide CEUD to CRES providers electronically and in billing quality format" as required by 4901:1-10-28(B)(9)); see also, Duke Comments at (stating "the requirement to ensure that final settlement data sent to an RTO includes negative loads in the hourly load calculation will present challenges to existing systems . . .[because] these are systems that do not exist at the present time and enabling them will be costly and time consuming").

[23] Duke Comments at 5.

[24] Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company

providing excess credits and propose language to be added to address this issue.[25] DP&L agrees with the other EDUs that the utilities should be afforded an explicit mechanism for cost recovery. Further, DP&L suggests that any excess credits provided to net metering customers be recovered through the true up mechanisms that carryout the competitive bidding supply riders of each utility.

Finally, the PUCO should reject IGS Energy's[26] proposal that net metering customers that install advanced meters should be exempt from the cost of future advanced meter riders.[27] Advanced metering riders often include more than just the cost of meters. "Smartgrid" systems include but are not limited to billing upgrades, distribution automation infrastructure, and the hardware and software to accommodate the two-way communication of advanced meters. Net metering customers would be disproportionately advantaged if they were able to avoid all of those other "smartgrid" costs simply by installing the advanced meter alone. Ultimately, the remaining customers would be burdened with the net metering customers' share of any advanced metering rider.

IX. The EDUs should be afforded adequate time to install meters requested by net metering customers.

Alliance proposes a change to Ohio Adm. Code 4901:1-10-28(B)(8) mandating that an EDU will install a meter within twenty (20) days of receiving the signed consent of a customer-generator. While DP&L can agree to provide a cost estimate within fifteen (15) days of an interconnection request,[28] a twenty day deadline to install a meter is unduly burdensome on the

[25] FirstEnergy Comments at 11.

[26] IGS Solar, LLC, IGS Generation, LLC, and Interstate Gas Supply, Inc. filed joint comments and collectively refer to themselves as "IGS."

[27] IGS Comments at 4.

[28] See Alliance Comments at .

EDUs. Due to outside forces and other constraints, such as customer construction/installation issues or delays, the EDUs should not be held to such an aggressive standard.

X. Conclusion.

DP&L appreciates the opportunity to provide comments and urges the Commission to adopt the recommendations set forth above and in DP&L's Comments filed on December 18, 2015.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Reply Comments have been served via electronic service upon the following parties this 8th day of January 2016.

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