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

APPLICATION FOR REHEARING AND MEMORANDUM IN SUPPORT OF INTERSTATE GAS SUPPLY, INC., IGS GENERATION, LLC, AND IGS SOLAR, LLC

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January 18, 2019

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APPLICATION FOR REHEARING OF
INTERSTATE GAS SUPPLY, INC., IGS GENERATION, LLC, AND IGS SOLAR, LLC

Interstate Gas Supply, Inc. and IGS Solar, LLC (collectively "IGS") are appreciative of the modifications made by the Commission in its December 19, 2018 Fifth Entry on Rehearing ("Entry"). Despite the incremental improvements authorized by the Entry, additional modifications to Ohio's net metering policy are needed to appropriately compensate distributed generation within this state. Therefore, pursuant to Section 4903.10, Revised Code ("R.C."), and Rule 4901-1-35, Ohio Administrative Code ("O.A.C."), IGS respectfully submits this Application for Rehearing of the Entry issued by the Public Utilities Commission of Ohio ("Commission") on December 19, 2018 for the following reason:

a. **The Order unjustly, unreasonably, and unlawfully undermines distributed energy resource development by authorizing a monthly monetary "cash out" that unintentionally discourages a customer from self-generating their total energy requirements**

For the reasons stated herein, IGS urges the Commission to grant this application for rehearing and to correct the errors identified herein.

Respectfully submitted,

/s/ Joseph Oliker

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BEFORE
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MEMORANDUM IN SUPPORT OF
INTERSTATE GAS SUPPLY, INC., IGS GENERATION, LLC, AND IGS SOLAR, LLC

I. INTRODUCTION

On December 19, 2018, the Public Utilities Commission of Ohio ("Commission") issued an Entry in the above captioned proceeding amending the net metering rules for Ohio. The Entry included several important components that will place Ohio on the right track to properly incentivize and deploy distributed energy resources. But the Entry failed to take the most important step that would fully unlock the potential of net metering with respect to compensation for "excess energy." Specifically, the Entry identifies that at the end of a given month, if a customer produces more electricity than they consume, they should be compensated with a credit based upon the excess volume multiplied by the energy-only portion of the standard service offer rate.[1] As discussed below, the authorized compensation structure is problematic inasmuch as it will inadvertently result in distributed generation resources being sized to produce significantly less than a customer's total energy requirements. For these reasons, the Commission should modify the net metering rules to allow for annual netting or net metering credits rather than

[1] Entry at 15.

monthly netting. Implementing such a change would harmonize the Ohio rules with the net metering rules used by other competitive generation states within the PJM service territory.

II. ARGUMENT

A. The Order unjustly, unreasonably, and unlawfully undermines distributed energy resource development by authorizing a monthly monetary "cash out" that unintentionally discourages a customer from self-generating their total energy requirements.

While IGS appreciates the modifications contained in the December 19, 2018 Entry, the Commission should take additional steps to modify the manner in which monthly net metering credits are treated. Under the current Entry, any positive difference between a customer's usage and their production is multiplied by the energy portion of the SSO price and carried over to the following month as a credit.[2] While well-intentioned, the process authorized by the Entry does not encourage customers to size a distributed generation resource in a manner that would permit them to offset the entirety of their annual energy requirements.

IGS understands that there has been much debate and confusion in the process of evaluating net metering tariffs. Much of that confusion has revolved around whether a net metering facility may be sized to produce *in excess of a customer's total annual energy requirements or some other amount around 120%*. That confusion is understandable, given that one of the purposes of a net metering system is "intended primarily to offset part or all of the customer-generator's requirements for electricity." R.C. 4928.01(A)(31)(d). Unfortunately, the level that is authorized—whether it is 100% or 120% has little significance—because the existing monthly energy crediting carrying will

[2] *Id.*

lead to the sizing of systems much smaller than 100%. The reason is simple:

Many distributed energy resources are of an intermittent nature. Therefore, they do not produce electricity in consistent quantities from month to month. Specifically, production dips in the winter months. Additionally, customer usage is not consistent from month to month. Usage may exceed production in the winter months, but production often exceeds usage in shoulder months such as April and May when the sun is shining but air conditioning load is insignificant. Given these differences, even if a net metering system is sized based upon a customer's total annual usage, there will several months when the customer must pay their utility for delivered electricity or receive an energy-only credit when their production exceeds usage.

Annual netting allows customers to receive the full value of the electricity the customer produces throughout the year, even if they may produce more or less in a given month. Specifically, in months when a customer produces more than they consume, instead of providing a dollar credit, the customer receives a kilowatt-based credit which can be banked for months when usage exceeds production. In this fashion, a customer's net metering facility may permit them to fully self-generate their energy requirements.

Annual netting of net metering credits is a policy cornerstone that facilitates the deployment of distributed generation in states that successfully deploy renewables. In fact, many other competitive generation states within the PJM service territory allow for annual netting, including: Pennsylvania, Maryland, New Jersey and the District of Columbia. Ohio is behind in this regard.

One of the additional benefits to the approach identified above is that there is no need to quibble over whether the size of a net metering system can be 100% or 120% of annual usage. Once the customer's total production exceeds usage over a three-year average, the customer is no longer entitled to carry over any kilowatt credits.

III. CONCLUSION

IGS appreciates the Commission's efforts to establish appropriate net metering rules that not only fit the needs of shopping and SSO customers, but also promote the state policy in favor of distributed generation deployment. To accomplish those goals, the Commission should take an additional step and modify the net metering rules to allow for annual netting or net metering credits rather than monthly netting. IGS urges the Commission to grant this application for rehearing and to correct the errors identified.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I served a true copy of the foregoing Application for Rehearing of *IGS Solar, LLC, IGS Generation, LLC, and Interstate Gas Supply, Inc.* upon the following parties via electric transmission, this 18th day of January 2019.

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