BEFORE THE

PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation of Parallel Generation Purchase Rates - Second 5-EI-157

COMMENTS FROM WISCONSIN LOCAL GOVERNMENT CLIMATE COALITION

The Wisconsin Local Government Climate Coalition (WLGCC, wlgcc.org) is pleased to provide these comments in response to the Public Service Commission (PSC) staff's March 20th memorandum regarding an "Investigation of Parallel Generation Purchase Rates: Issues Related to Net Metering". Our response first includes general comments for the Commission's consideration, followed by sections addressing each of the potential areas of scope.

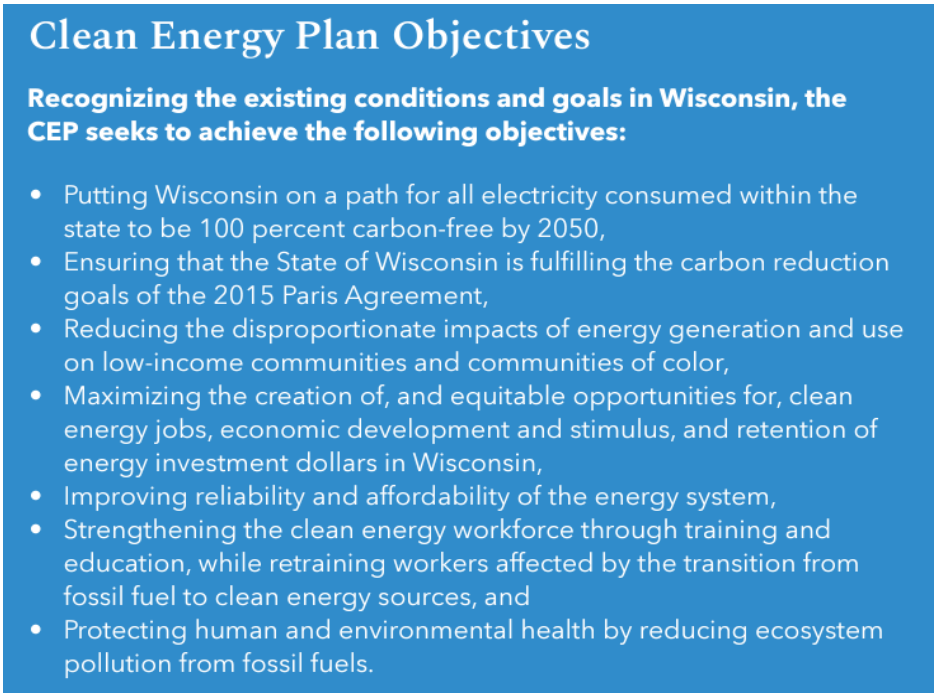
I. GENERAL COMMENTS

Net metering has been an important catalyst for encouraging the adoption of smaller-scale solar in Wisconsin since its inception over four decades ago. WLGCC members are working towards clean energy goals and/or are planning and implementing clean energy projects to both bring down their own emissions and energy costs at the governmental level as well as ensure fair and equitable access to solar for community members. We thank the Commission for convening this investigation so that net metering can be assessed on a statewide basis.

As the Commission makes decisions on the scope of the investigation, WLGCC members emphasize the importance of (1) grounding the investigation in the broader purpose and goals for distributed generation in Wisconsin, and (2) ensuring that the scope facilitates a comprehensive roadmap for net metering across the state.

(1) Purpose and Goals: Prior to diving into specific areas of scope or various studies and analyses, it is important to align parties on why net metering is being investigated. While this may seem straightforward enough, each party and members of the public may have different interpretations of what to expect from the investigation. Aligning on the purpose and goals upfront will reduce potential confusion or conflicts later on. Beyond the State's energy priorities[1] which first prioritize energy conservation and efficiency, followed by non-combustible renewable energy resources, WLGCC members highlight the State of Wisconsin's Clean Energy Plan[2] as a guide for establishing the purpose and goals of this investigation. Clean Energy Plan objectives are shown in the figure below (see page 8).

Figure 1. State Clean Energy Plan Objectives



[1] Wis. Stat. § 1.12 (4). Accessed on 4/18/24 [https://docs.legis.wisconsin.gov/statutes/statutes/1/12#:~:text=It%20is%20the%20goal%20of%20the%20state%20that%2C%20to%20the,(c)%20Afforestation.]

[2] State of Wisconsin Clean Energy Plan, Office of Sustainability and Clean Energy, April 2022. Accessed on 4/15/24 [https://osce.wi.gov/Documents/SOW-CleanEnergyPlan2022.pdf].

More specifically related to net metering, page 114 the Clean Energy Plan notes the following future strategy to support plan objectives to accelerate clean energy technology adoption: *"Create consistency in utility net metering and parallel generation policies that removes solar development barriers and accelerate solar adoption."* **As the Commission confirms the goals of this investigation, it should ensure that these goals speak to the objectives and strategies identified in the Clean Energy Plan**, including creating consistency in net metering policies across the state and focusing on how net metering can be used as a tool to accelerate solar adoption across our local communities, while reducing disproportionate impacts on low income and marginalized populations.

(2) A Comprehensive Roadmap for Net Metering: The March 20th memorandum provides a nice summary of issues explored to-date and potential areas of scope to include in an investigation. However, it does not speak to how the process will work at-large, the sequence of events and studies and how each item feeds into the ultimate objectives of the investigation, or the larger framework that this investigation will inform. We understand that this is intentional as the Commission wants to first hear from parties and the public regarding what they would like to see. At the same time, **WLGCC members wish to reiterate that the Commission should outline a clear process from the outset that everyone can stay accountable to.** To that end, a well formulated process should also clarify how this investigation will interact with other investigations or cases (e.g. cost allocation & rate making principles investigation, etc.), include sufficient time for necessary studies, and ensure standards for data sharing and transparency in analyses across all parties, at a minimum. Please see Section II.D. below for additional recommendations on the process.

II. REQUEST FOR ANALYSIS: VALUE OF SOLAR STUDY

WLGCC members appreciate the Commission's request for Value of Solar (VOS) studies, and the importance that these studies can play in understanding the value of distributed resources beyond just avoided generation and transmission costs. **However, we recommend that the PSC hire a firm to complete a VOS study, and during the course of the study ask for feedback from parties and the public to allow for transparency on methods, inputs, and assumptions**. We recommend this for several reasons:

- **Transparency and consistency in methods, inputs, and assumptions**. If utilities and other parties are performing their own studies, the results could be quite different. Per the Regulatory Assistance Project (RAP) paper included in the February 2022 memorandum[3] (PSC Ref#: 431687), VOS studies can vary widely in the conclusions they draw, the inputs they include, and the assumptions made (page 22-24). Multiple studies by different parties with potentially competing interests will not encourage transparency or consistency in the process.
- **Cost and resource efficiency**. Requesting that multiple parties conduct VOS studies ensures that efforts will be duplicated, with more resources (including ratepayer dollars) spent unnecessarily. Additionally, this approach - including an accelerated timeline - ensures that utilities will be at an advantage since they already have access to much of the data that is required for a study.
- **Importance of a 3rd Party Evaluator**. The Commission recognizes the importance of 3rd Party analysis in other realms. For example, rather than asking the Program Administrator

[3] Memorandum re: Investigation of Parallel Generation Purchase Rates, February 25, 2022. Accessed on 4/19/24: [https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=431687]

or the utilities to evaluate their own energy efficiency programs, the PSC hires and oversees a third-party evaluator to assess the performance of Focus on Energy programs and perform cost-benefit analyses. This has been a successful model that builds trust across stakeholders so that the process is as balanced and unbiased as possible.

If the Commission does opt for multiple VOS studies, WLGCC intends to contribute to or complete a study or analysis to support the investigation. However, a due date of May 24th does not allow enough time to fully scope out a study, explore potential partnership arrangements, apply for intervenor compensation, or get a contract in place, much less complete a quality study. **If the Commission decides that parties should complete VOS studies rather than the PSC, WLGCC members recommend that PSC staff work with stakeholders to extend the timeline to a reasonable date. WLGCC members also recommend that PSC staff facilitate the data collection process from utilities to reduce administrative burden on all parties and ensure as much data consistency as possible.**

III. SCOPE OF CONTINUING INVESTIGATION

In the sub-sections below, we respond to each scope area identified in the March 20th memorandum.

A. Cost of Service Study (COSS)

Question: Is it appropriate to investigate the viability of a COSS that includes class results for parallel generation and net metering tariffs?

Page 32 of the February 2022 RAP memo notes that “singling out customers based on technology adoption has serious practical and theoretical downsides," and, "addressing one minor cost distinction is likely not fair or efficient if several other major cost distinctions are not

addressed." Therefore, WLGCC members suggest that before a separate class is made, there should be a factual demonstration showing (1) a real difference in costs, and (2) that this difference is more substantial than other real differences in costs (e.g., households with EV charging or households with large energy consumption or demand). If net metering customers are to be separated into their own class, the Commission and utilities must also consider the viability of separating out other types of customers into their own classes. For example, customers who participate in energy efficiency programs, customers participating in demand response programs, or customers that are consuming large amounts of electricity from the grid. In sum, the Commission should consider distinct types of customers across the board, and not unfairly separate out net metering customers but no other customers.

The paragraph above points to the need for a more holistic approach related to cost allocation, rather than a piecemeal approach. The most recent Madison Gas & Electric (MGE) and Wisconsin Power & Light (WPL) rate cases (Dockets 3270-UR-125 and 6680-UR-124, respectively) uncovered a number of disagreements across parties related to Cost-of-Service Study (COSS) methodologies. In light of this, the Commission decided to open a separate generic investigation into cost allocation and rate design principles. **If the Commission decides to include this item in the net metering scope, WLGCC recommends that it be directly coordinated with the upcoming cost allocation and rate design principles investigation.**

Priority level: LOW, considering that the Commission is opening a separate investigation related to cost allocation and rate design principles. Cost of service for net metering and other customer types should be considered in that docket, if at all. Note that the benefits of net metering should be considered as well as the costs.

How the Commission should address this issue: WLGCC recommends that the viability of a COSS that includes class results for parallel generation and net metering customers be considered in the Commission's investigation related to cost allocation and rate design principles only if other customer types are considered as well, rather than singling out distributed generation.

B. Solar Adoption Rates

Question: Should the Commission include in this investigation an analysis of the impact net metering has on both solar adoption rates and non-participating customers?

WLGCC members recommend first taking a step back to better understand solar adoption across the state and identify gaps where adoption needs to be accelerated (per the goals and strategies within Wisconsin's Clean Energy Plan). Using the same method and timeframes, what do solar adoption rates look like for the state as a whole and across different utility territories? Across the state and within utility territories, what does solar adoption look like across income levels and within marginalized communities? While not all utilities track customer level information that can inform how equitable solar adoption currently is, there are other ways to inform this. For example, as a part of the MGE and WPL rate case testimony, Dane County geo-coded net metering customers via the U.S. Census at the tract level to estimate the level of solar adoption by income category; the results demonstrated that solar adoption is very inequitable.[4]

Once baselines are established, we need to forecast adoption rates and monitor adoption over time. In addition to reviewing how other states perform forecasting, the Commission can also look to previous Wisconsin studies, such as the 2021 Rooftop Solar Potential Study Report.[5] These

[4] Direct-DC-Kuntz, p. 24-25. Accessed on 4/19/24: [https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=476771]

[5] 2021 Rooftop Solar Potential Study Report, Focus on Energy, 2021. Accessed on 4/19/24: [https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=421984].

initial steps will set the stage to better understand the impacts of net metering policies on solar adoption.

Note that the impact that net metering has on non-participating customers is a separate and distinct issue from the question related to solar adoption. If the Commission is to include this question in the scope, it should also assess the costs of utility scale solar (and other sources of generation) to customers as a point of comparison. These costs should incorporate transmission and distribution costs, as well as utility profits. This analysis should also consider the benefits of rooftop solar, the value these systems can offer for local communities and economies, and the role that these systems can play in the energy transition (distinct from utility-scale solar).

Priority levels: First, understanding solar adoption rates across the state, within utility territories, and within low income and marginalized populations is a HIGH priority. There needs to be a good process in place to establish these baselines, forecast solar adoption rates, and monitor actual adoption over time to be able to understand the impacts of net metering.

To the second item of scope related to understanding the impact that net metering has on non-participating customers, this is a MEDIUM priority. As noted above, if the Commission decides to pursue this item, it should also provide full transparency into the costs for utility-scale systems and other sources of generation. Additionally, benefits should also be considered.

How the Commission should address this issue: WLGCC recommends that PSC staff (and/or a hired contractor) provide an analysis of current solar adoption rates, broken out by the factors noted above (by utility, by low-income and marginalized populations, etc.). This analysis should seek to understand how different net metering policies support or slow solar adoption. PSC staff may already have access to the required data, or may need to make additional data requests

to the utilities. PSC staff (and/or a hired contractor) should also propose options for how to forecast and monitor solar adoption rates. To explore the impact of net metering (and other forms of generation) on non-participating customers, PSC staff (and/or a hired contractor) can also perform an analysis to compare costs across different generation types. Performing a cost-benefit analysis that includes societal benefits may be the best approach to understanding the comprehensive impacts of net metering on the system and society as a whole.

C. Net Metering Rate Designs

Question: Should net metering rate designs and incentive structures be included in this investigation?

Yes, WLGCC members recommend that net metering rate designs and incentive structures be included in this investigation. For this area of scope, the Commission can build off of the February 2022 RAP memo, which provided a summary of different net metering approaches, how they affect adoption, and whether they align with rate making principles. Extending this further, the Commission should also look at current net metering policies across the state, and perform an assessment of how they have affected solar adoption for different types of customers (this activity can follow the previous scope item regarding identifying solar adoption rates). What trends, system sizes and characteristics are we seeing for the different types of rate designs? Where are the gaps, unintended consequences, and what customer groups are left out? From here, the Commission could identify potential options for how to update net metering rate designs and incentive structures to fill gaps and better achieve the goals of Wisconsin's Clean Energy Plan.

Priority level: HIGH

How the Commission should address this issue: WLGCC recommends that the Commission hire RAP or another contractor to expand on the analysis that RAP presented in its February 2022 memo, speaking to how current rate designs have affected solar adoption rates across different customer types (including low income), and identifying potential rate design pathways for Wisconsin going forward that support the achievement of the state's Clean Energy Plan goals and strategies. These pathways should have an eye to establishing a consistent net metering policy across the state.

D. Access to Distributed Generation (DG)

Question: Should the Commission include in this investigation the impacts of various net metering approaches on maintaining or improving energy equity and increasing access to the benefits of distributed generation to low-income and marginalized customers?

Yes, the Commission should include in this investigation the impacts of different net metering approaches on improving energy equity and increasing access to the benefits of distributed generation on low income and marginalized customers. Consistent with our responses above, energy equity should be considered as a part of all scope items rather than as a stand-alone item.

Priority level: HIGH

How the Commission should address this issue: WLGCC recommends that the Commission incorporate equity (understanding how equitable current strategies are, and identifying ways to improve equity) into all scoped items in this investigation. Insofar as the federal Solar for All funding is expected to be announced shortly, the Commission should take that funding (as well as other green bank funding opportunities) into account as part of this analysis.

E. Other Areas of Scope

Question: Should the Commission include other issues not addressed in the memorandum in this investigation?

Yes. This scoping memo identifies a few of the different parts of completing an investigation into net metering, but some foundational pieces related to setting the foundation and the process of the investigation are currently missing. For example, what are the ultimate goals that this investigation is working towards? How do the different parts of the investigation (value of solar, rate design, etc.) fit together, and in what order should they be pursued? How will stakeholders be engaged throughout the process?

The table below lays out a high-level process for illustrative purposes. Note that the different 'Areas of Scope' identified below are likely on different timelines, but for simplicity they are presented without timeline assignments. **WLGCC members recommend that the Commission lay out a process for this investigation that facilitates a roadmap for net metering in the state going forward.**

Figure 2. Example Process for a Net Metering Investigation

Net Metering Areas of Scope	Phase 1: Discovery	Phase 2: Identifying Pathways	Phase 3: Decisions	Phase 4: Monitoring Overtime
Establish Goals and Track Progress	Identify/confirm policy goals and how to measure progress	What data and metrics are needed to measure progress to policy goals (solar adoption rates, etc.)? How do we do it?	Commission confirms goals and decides on relevant data-related policies	PSC staff implement a process for ongoing monitoring & reporting by utility
Determine the	Define required	VOS study (or	Commission	VOS inputs are

Value of Solar (VOS)	methods, inputs, and assumptions for a VOS Study	studies) is/are completed. Final results are presented	decides on final values	updated on a timetable approved by Commission
Explore Rate Designs and Incentive Structures	Understand how current designs affect solar adoption. Where are the issues or gaps?	Explore how net metering designs can be adjusted going forward to achieve policy goals. Lay out options, informed by past research and other states	Commission decides on required net metering elements, which utilities then must apply during their rate cases	The impacts of net metering policies are assessed over time
Other areas as appropriate	TBD	TBD	TBD	TBD

Thank you for the opportunity to provide these comments on this important investigation into net metering.

Respectfully,

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