

The Vote Solar Initiative

**Comments on the Notice of Proposed Rulemaking
Case No. 06-00241-UT**

**In the Matter of an Inquiry into the Provision
of Net Metering Services by Electric Utilities**

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The Vote Solar Initiative, a project of the Tides Center, is a 501(c)(3) non-profit organization with the mission of helping bring solar photovoltaics into the mainstream. We are pleased to have the opportunity to contribute to the Commission's proceedings.

With regards to the Notice of Proposed Rulemaking, we have several recommendations: the current practice of Public Service of New Mexico regarding carrying over credits for monthly net excess generation until an annual true-up should be incorporated into this rulemaking; and a separate rulemaking should be established in the near term for developing interconnection standards.

Suggested Change

We recommend that language in the proposed 17.9.570.10.C.2 be changed as follows:

"C. Net Metering Option: [...] ~~The net energy delivered from the qualifying facility to the utility shall be purchased by the utility at the utility's applicable time-of-use or single period energy rate as described in 17.9.570.11.B.~~ The qualifying facility shall be billed or credited for the net energy delivered from the utility in accordance with the tariffs that are applicable to the qualifying facility absent the qualifying facility's generation. The qualifying facility shall also be billed for all demand and other charges in accordance with the applicable tariffs.

Net Excess Generation

The current rules establish an optional procedure, at a utility's discretion, for crediting net generation at the end of a billing cycle. PNM has in the past chosen to allow net excess to be carried forward to the next billing cycle; this substantially reduces the complexity and administrative overhead associated with generating, accounting for, delivering, and tracking checks on both sides, and further encourages

the appropriate usage of net metering as a means of reducing customer load. This is a good practice that should be required by rule instead of left optional. We suggest an annual true-up of accounts.

Suggested Change

We recommend that language in the proposed 17.9.570.10.C.2 be changed as follows:

“C. Net Metering Option: [...] The utility shall install the metering necessary to determine the net energy delivered from the qualifying facility to the utility or from the utility to the qualifying facility for each time-of-use or single rate period, as applicable, during a billing period. The net energy delivered to either the qualifying facility or to the utility is the difference between the energy produced by the qualifying facility’s generation and the energy that would have otherwise been supplied by the utility to the qualifying facility absent the qualifying facility’s generation.
The net energy delivered from the qualifying facility to the utility shall be credited in kWh at a 1:1 ratio, and those credits shall carry over to the subsequent billing period until all credits are used or the end of the calendar year is reached. At the end of the calendar year, any net excess shall be purchased by the utility at the utility’s applicable time-of-use or single period energy rate as described in 19.9.570.11.B. The qualifying facility shall be billed for the net energy delivered from the utility in accordance with the tariffs that are applicable to the qualifying facility absent the qualifying facility’s generation. The qualifying facility shall also be billed for all demand and other charges in accordance with the applicable tariffs.”

Interconnection Standards

The proposed rule proposes many general standards that are a good guide towards initial development of interconnection standards. However, the proposed language is by no means a substitute for such standards.

By way of example, 19.9.570.9 (B) items (4) and (5) – regarding “meeting a utilities’ system safety standards” and meeting the “estimated costs of interconnection,” point

up, without substantially addressing, two issues which have proven substantial roadblocks to successful interconnection in other states, and whose successful resolution according to current regulatory best practices will require comparatively detailed regulations. (the relevant sections of each New Mexico utility tariff filed pursuant to FERC Order 2006, for example, each run to several pages.)

As it stands, the amount of utility discretion permitted under these standards, and the apparent contemplation of separate and differentiated safety and testing requirements for each utility, not to mention the explicit ability to handle any given interconnection application on an arbitrary case by case basis, would have the effect of ensuring that no "interconnection standard" in fact could be said to exist statewide under these proposed rules.

Rather, each individual utility would operate under its own idiosyncratic and potentially unclear testing and approval methods, with their own schedules, cost requirements, and dispute resolution procedures. With little transparency, and effectively unlimited utility discretion presenting a risk at every stage, development of commercial distributed generation would be effectively impossible.

We recommend that the Commission move instead as is currently underway or has recently been completed in several dozen states, to establish a separate docket to develop interconnection standards. We note that a similar course of action has been recommended by Public Service of New Mexico in comments to the Notice of Inquiry – many states have found it appropriate to separate the essentially financial and administrative issues of net metering from the technical and safety procedures associated with interconnection.

It is entirely possible to address all of these concerns without undue administrative burden and while preserving reasonable and appropriate utility discretion and an ample concern for the operation of the grid and customer and employee safety. However, it will require a regulation substantially more detailed than those provided here.

When considering standards, it is often useful to begin with the work of another state. In our comments to the Notice of Inquiry, we recommended using New

Jersey's standard as a point of reference. To this recommendation, we would also add that New Mexico's neighbor to the north, Colorado, recently completed a rulemaking on interconnection. The resulting standard, which largely follows the Small Generation Interconnection Procedures contained in FERC Order 2006 as adapted to state jurisdictional needs, is an excellent model that will serve admirably as a foundation for rulemaking in New Mexico.

Respectfully Submitted,

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