

Comments from A Climate to Thrive on the Front-of-the-Meter Distributed Energy Resources Draft Program Proposal Prepared for the Department of Energy Resources

A Climate to Thrive appreciates the opportunity to submit comments on the Front-of-the-Meter Distributed Energy Resources Draft Program Proposal. A Climate to Thrive (ACTT) is a non-profit focused on community-driven decentralized renewable energy and resilience solutions in Maine. ACTT is pleased to submit the following comments regarding the Draft Program Proposal.

Regarding Part 1: Standard Offer Block cost allocation and recovery, we believe all retail customers will receive benefits from increased integration of distributed energy resources (DERs), such as through price suppression during periods of peak electricity demand, and should therefore share at least a portion of the program costs. Sharing at least a portion of the Standard Offer Block costs across all retail customers will also help to mitigate the risk of customer migration from the standard offer program.

In regard to the Distribution System Services (DSS) contract, we applaud the effort to compensate projects for their contribution to local distribution system needs and avoidance of distribution infrastructure investment. However, relying on utility planning processes to define the location and “value of distribution needs suitable for DER solutions” introduces an inherent conflict of interest. Under a cost of service model, where utilities earn returns on capital investments in the distribution system, tasking utilities with identifying and valuing DERs that could avoid infrastructure investments is, in essence, asking them to identify opportunities to reduce their own opportunities for return on investment. For this reason, utilities should not be viewed as neutral parties that can objectively value and locate opportunities for DERs to avoid investment in grid infrastructure. If Maine moves forward with utilizing utility planning processes to value and identify DSS, then additional performance-based regulation should be considered to align utility incentives with optimal DER adoption.

Furthermore, it is unclear whether or not the Integrated Grid Planning process (IGP), as it currently exists, is the best vehicle for this analysis. Does the current IGP process fully capture the ability of DERs to contribute to Maine’s grid needs? If the IGP is the recommended tool to locate and value DER contributions, the current IGP practices and methodology should be carefully scrutinized to ensure DER contributions are fairly valued from the beginning of the process. In order for the IGP to be a useful tool for this purpose, a high degree of transparency into utility planning assumptions is needed. Furthermore, waiting to phase in DSS until IGP processes mature may unnecessarily delay implementation and stall DER development. Tying the DSS program to maturation of the IGP process is especially concerning given that the IGP is updated on five-year cycles. How many cycles will the IGP need to reach the level of sophistication the proposal references? In the near-term, utilities should be required to use existing data to identify areas of the grid that could benefit from DSS immediately and their findings should be verified by a third-party analysis. Using this analysis, DSS contracts can be offered from the beginning, and the DSS program can be updated once the IGP process matures or a more holistic analysis can be conducted.

Finally, the opportunity for synergies between front-of-the-meter (FTM) and the behind-the-meter (BTM) programs should be considered, and together the two programs should form a comprehensive approach to optimize DER adoption. Consideration should be given from the beginning for how these two programs can work in tandem to maximize the value DERs can offer communities and the grid.

ACTT appreciates the opportunity to share our feedback on the Front-of-the-Meter Distributed Energy Resources Draft Program Proposal, and we look forward to continuing to engage in the process.

Sincerely,

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