

# Summary of written stakeholder group feedback in response to industry proposal

## Draft for discussion

### Distributed Generation Stakeholder Group

November 18, 2021

#### Introduction

This document summarizes feedback provided by members of the Distributed Generation Stakeholder Group (the Stakeholder Group) in response to the DG 2.0 Design Ideas concept (the proposal) put forward by the Coalition for Community Solar Access and Maine Renewable Energy Association at the Stakeholder Group's November 4, 2021 meeting. Section 1 re-states the proposal; section 2 summarizes feedback provided by topic area.

This document is intended to inform continued discussion by the Stakeholder Group of an overall framework for a distributed generation successor program in accordance with legislative direction provided in P.L. 2021 Chapter 390 (LD 936).

#### 1. Draft industry proposal ("DG 2.0 Design Ideas")<sup>1</sup>

- 200 MW/year
- Payment for energy and RECs
- 50MW Procurement to set price
  - Projects 2-5MW AC
  - All projects must include battery storage
- 150MW Walkup program
  - Base price determined using procurement results
  - Design for policy priorities- adders, carve outs, scoring criteria
    - Low Income Off-takers
    - Brownfield/Landfill
    - Community solar
- Maturity requirements must be high enough to ensure project success

#### DG 2.0 Considerations

- How can costs be contained?
- Should walk up program contain capacity set asides to meet policy goals?

#### Improving Program Performance

- Greater grid visibility for improved siting
- Customer data sharing

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<sup>1</sup> [https://www.maine.gov/energy/sites/maine.gov/energy/files/inline-files/DG%202.0%20Rough\\_Industry%20Proposal%2011.4.pdf](https://www.maine.gov/energy/sites/maine.gov/energy/files/inline-files/DG%202.0%20Rough_Industry%20Proposal%2011.4.pdf)

## 2. Summary of written comments received

This summary consolidates written comments received into topic areas solely for the purpose of organized discussion. Neither the selection nor order of topics, the assignment of a given point to a topic area, nor the order of points within each topic, are intended to convey more or less weight given to any particular point.

Topic area	Summary of feedback
Overall reactions	Generally like it
	I like the general framework
	It may be worth exploring whether the public interest would be better served by structuring the program so that the benefits as well as the costs are shared by all ratepayers.
	Including RECs would correct the problem in the current kWh Credit Program where developers can sell 100% of the RECs, undermining the RPS (a customer given credit for DG output does not have to meet the RPS requirement for that portion of their consumption). Another (likely more cost-effective) option would be to simply require retirement of sufficient RECs to meet the RPS requirements that would apply if the facility were a CEP.
Total program size	<p>A rational alternative for future small DG.</p> <ol style="list-style-type: none"> <li>1. Authorize the Commission specifically to order the purchase of generation, storage and/or efficiency to ensure reliability and/or lower ratepayer costs while achieving beneficial electrification, including generation of less than 5 MW to interconnect with the distribution grid.</li> <li>2. Completion would be by price.</li> <li>3. To ensure competition, no bidder or its affiliates could be awarded more than 10% of any Tranche.</li> <li>4. The Commission shall make purchases in accordance with its most recent plan to achieve beneficial electrification.</li> <li>5. Stranded costs and negative pricing paid by ratepayers shall be avoided.</li> </ol>
	<p>Would the amount to be procured be reduced based on the amount of projects under 2 MW that go into service? Also, it may be worth reevaluating whether 2 MW is the right cutoff for the existing program and/or whether it should be limited to true behind the meter projects.</p> <p>The 200 MW/yr. is unjustified and so far unjustifiable.</p> <ol style="list-style-type: none"> <li>1. The only stated basis for 200 MW/yr. is to sustain the solar industry. That isn't a basis recognized in Maine law. Proper</li> </ol>

	<p>analysis would tie any such number to the path of beneficial electrification based on several factors, including matching load factor to load, cost and the need for non-transmission alternatives or grid planning. 200 MW/yr. would equal Maine’s current annual peak in a decade, ignoring the fact the peak will have been met by net energy billing alone, not to mention it already is met by other renewable generation.</p> <p>2. The lack of correlation to load is a recipe for stranded costs and rates that discourage or stall voluntary beneficial electrification. <u>See</u> Massachusetts.</p>
<p>Procurement</p>	<p>Do two tranches of procurement to set price to capture benefits of economies of scale and lower costs</p> <ul style="list-style-type: none"> <li>- 2MW AC projects</li> <li>- 5MW AC projects</li> </ul> <p>This price setting procurement shouldn’t happen more often than every other year</p> <hr/> <p>An every-other-year procurement seems more reasonable than every year due to the comment about the project development timeline potentially exceeding an annual procurement turnaround, while also preserving the ability to reality-check the price point on a regular basis</p> <hr/> <p>We would recommend the entire amount be done through procurement rather than using a small procurement to set a price. This would (1) limit opportunities for gaming the initial bids to drive up the price; and (2) enable contracts to be awarded at their bid prices, rather than fixing a single price that could significantly overpay some developers.</p> <hr/> <p>Flexibility on the procurement amount may be important. For example, if actual increases in load fall short of projections, it may be wise to slow down the pace of procurement. Giving the Commission discretion to procure a lower amount is also likely to keep pencils sharp in the bidding process.</p> <hr/> <p>There may be economies of scale to letting developers bid a suite of projects, potentially lowering the price per kWh significantly.</p> <hr/> <p>1. The rate setting mechanism is similar to the earlier proposal voided for ridiculously high prices and “lack of competition”. That result, coupled with the non-competitive rate setting of net energy billing, shows no benefit and actual harm to consumers. Large solar delivers similar benefits at a fraction of the cost. The alternative of price competition is demonstrably successful. Staging of winning bids is simple to avoid permitting gluts.</p>

	<p>2. Once again, the Commission, charged at law with creating lower rates and reliable service for consumers, would be given no authority to seek lower rates, vary or select amounts to be purchased, target selection by location or circuit to achieve grid or beneficial electrification benefits. The continued neutering of the Commission is unjustified and therefore suspect.</p>
Storage	<p>Don't require battery storage unless we have an element in place that incentivizes owners to discharge at times that are beneficial to the grid. Otherwise we won't get the outcomes we are looking for.</p> <p>We may want to think through the implications of requiring storage for all projects and be sure that it is meeting a need that justifies any increased costs.</p>
Policy considerations	<p>We need to start getting more specific about the adders, carve outs and scoring criteria</p> <p>I think the design for policy priorities will be a key aspect that should involve some targeted stakeholder engagement to ensure a broad and diverse set of perspectives is represented, especially from underrepresented groups</p> <p>Siting or other attributes could be awarded points in the bid scoring, allowing projects with positive attributes (e.g., siting on a brownfield) to be paid more if needed, rather than doing adders to a fixed price.</p>