

BPU STRATEGIC INITIATIVE

DATE APPROVED:	March 16, 2016
TITLE:	Strategic Policy for Distributed Energy Resources (DER) and Rate Structure

The Board of Public Utilities adopted, as part of a strategic policy, the following recommendations from the 7 July 2015 "Future Electrical Energy Resources" report:

1. Complete smart meter implementation for all customers.
2. Develop an engineering model of the distribution system that will indicate how much DER generation can safely be absorbed.
3. Complete studies to determine how much DER generation can be tolerated before causing an unacceptable number of bandwidth exceedances.
4. Establish limits, based on DER generation absorption and bandwidth exceedance considerations, on how much DER generation can be tolerated in the system. Update these limits as necessary. Make it clear that permit issuance will be suspended once those limits have been reached pending expansion of system tolerance of increased DER generation.
5. Require smart inverters (at least "Phase 1") on new DER systems as they become available. After smart inverters are available, all DER system inverter replacements should be of the smart type.
6. It clear in DER installation permits that rates and rate structures are not guaranteed to any point in the future.
7. Determine whether utility-scale, circuit, or neighborhood scale DER storage, or combination(s) of these approaches make the most sense technically and economically for firming DER generation. Take that determination into account in any rate structure.
8. large customers, require or encourage (via rates) that at least large loads be dispatchable. County government and the Department of Public Utilities can and should lead by example.
9. For large DER producers, require or encourage (via rates) dispatchable storage and generation and Phase 2 or 3 inverters as they become available. The County government and the Department of Public Utilities can and should lead by example.
10. All DPU customers (DER and non-DER) should be charged the same appropriate rate(s) for all services and energy (not just net energy) supplied by the utility.
11. Implement Time-of-Use pricing for both consumption and generation once smart meters are available to do so.
12. DER producers should be paid for the power they supply to the utility based on at least the average estimated avoided cost for the time period in which it is supplied. The rate(s) should reflect whether the power is firm and whether it is dispatchable.
13. Consider whether or not a non-economic Value-of-Solar Tariff should be a part of the reimbursement rate structure for DER generation and how it should be phased out as solar benefits relative to other non-carbon sources decline.