

## Council Meeting Staff Report

January 20, 2021

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<b>Agenda No.:</b>	5.A
<b>Indexes (Council Goals):</b>	DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent, DPU FY26 - 5.0 Continuously, Conscientiously, Work Toward Environmental Sustainability
<b>Presenters:</b>	Stephen Marez
<b>Legislative File:</b>	13668-20

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### Title

Public Hearing for Modification of Department of Public Utilities Rules and Regulations - Rule E-5 Interconnection - Connection with Cogeneration and Small Power Producers and the Fee Schedule.

### Recommended Action

**I move that the Board of Public Utilities approve as presented the modifications to the following Department of Public Utilities Rules and Regulations: Rule E-5 Interconnection - Connection with Cogeneration and Small Power Procedures and the Fee Schedule.**

### Staff Recommendation

Staff recommends changes to Rule E-5 Interconnection - Connection with Cogeneration and Small Power Producers and the associated Fee Schedule as presented.

### Body

With the recent goal adopted by the Board of Public Utilities to achieve 6 MW of solar PV penetration by 2040, staff proposes some minor modifications to Rule E-5 and the associated Fee Schedule. The current language in Rule E-5 indicates that a customer is limited to the **lesser** of 10 kW for residential and 100 kW for commercial customers or the capacity available on the transformer serving the customer. This program has been popular with some homeowners because there is a federal tax credit for alternative energy equipment. This calendar year the IRS is offering for property placed in service after December 31, 2020, and before January 1, 2022, a 22 percent tax credit.

Staffs first recommendation changes to Purchases of Energy from Customer-Owned Qualifying Facilities, E-5.03. We propose this language be modified, so that a customer is limited to the level of current consumption **up to** 10 kW for residential and 100 kW for commercial customers, if the capacity available on the transformer serving the customer is sufficient. While it was suggested by the BPU that DPU should remove the distributed generation caps in Rule E-5, DPU staff does not believe that at this time it would be financially sustainable until other mechanisms can be implemented, i.e. Completion of the AMI project and a Modified rate structure to fairly allocate the cost of service to all customers while also recognizing the contributions of distributed generation.

Staffs second recommendation changes to Purchases of Energy from Customer-Owned Qualifying Facilities, E-5.03. We propose increasing 2,000 kW to 6,000 kW of capacity in the aggregate, of solar, wind, or other renewable energy from customer owned qualifying facilities within the service area of Utility.

Staffs third recommendation is changes to the Fee Schedule under Construction Fees, Residential Net Meter application & inspection (2 trips), incremental cost of Net meter and labor to install Net meter. We propose adding materials and the necessary upgrades to the existing transformer serving the resident to be included in the fee. It is recommended that the fee increase from \$260.00 to \$360.00 to account for the upgrades.

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Staffs fourth recommendation is changes to Exemption or Variance, E-5.08, B. We propose adding the language to make it clear that any applicant applying for exemption or variance shall be responsible for all necessary costs for system upgrades as determined by the utility.

Within Rule E-5, Exemption or Variance Section E-5.08, it currently provides a process for any applicant to request an exemption or variance to the rule.

**Alternatives**

Do nothing or direct the Utilities Manager to revisit the rule with some specific changes the Board wishes to see incorporated.

**Fiscal and Staff Impact**

No fiscal or staff impact associated with these changes.

**Attachments**

A -Rule E-5 Redline

B - Fee Schedule Redline