

Before the Missouri Public Service Commission

In the Matter of a Working Case to Explore)
Emerging Issues in Utility Regulation)

File No. EW-2017-0245

Comments of Natural Resources Defense Council on Draft Rule on Distributed Energy Resources

The Natural Resources Defense Council (NRDC) appreciates the opportunity to provide comments to the Missouri Public Service Commission (PSC or Commission) on the draft Rule 4 CSR 240-22.055 Distributed Energy Resource Analysis (DER Rule).

Background

In response to Commission Staff's Report on Distributed Energy Resources,¹ Commission Staff sought approval from the Commission to draft a rule to require the consideration of Distributed Energy Resources (DER) in the utilities' Integrated Resource Plans (IRPs). On May 18, 2018, Commission Staff released its draft DER Rule. Of note, the DER Rule is included in the block of rules governing the IRP process and requirements 4 CSR 240, Chapter 22. As stated in the DER Rule, the purpose of this rule is to specify "the minimum standards for the scope and level of detail required for distributed energy resource analysis and reporting."² The DER Rule is composed of four parts:

- 1) Propose definitions that apply to this section, including a definition of DER;
- 2) Creation of a DER Database with specifics of what should be in the database;
- 3) Preparation of a market potential study for DER; and,
- 4) Requirements for how DER is to be considered in the utilities' IRPs.

The Commission Staff held a workshop on May 29, 2018 at the Commission's offices in Jefferson City. At the workshop, Commission Staff requested comments on the DER Rule to be submitted by June 9, 2018. NRDC was a participant in the May 29, 2018 workshop, and thanks the Commission and Commission Staff for this opportunity to comment on the DER Rule.

Comments

In addition to comments made by NRDC representatives at the workshop, NRDC provides general and specific comments on the DER Rule.

General Comments on the DER Rule

¹ *In the Matter of A Working Case to Explore Emerging Issues in Utility Regulation*, "Staff Report on Distributed Energy Resources," File No. EW-2017-0245, Missouri Public Service Commission (April 5, 2018).

² Draft DER Rule at 1.

NRDC supports the initiative of the Commission Staff to propose this rule to require electric utilities to prepare a DER analysis as part of their respective IRPs. Furthermore, this DER Rule provides a solid foundation for consideration of DER generally as part of specific utility resource procurement, and begins the collection of several pieces of necessary information regarding location of DER that can support a distribution system planning analysis. NRDC believes that activity, such as that required by the draft DER Rule, is an important step to start planning for DER in anticipation of greater growth of DER across Missouri. Beginning now puts Missouri on a path towards successful planning and integration of DER, including identifying areas across the utility service territory where DER can be used to enhance hosting capacity, areas where DER can be sited where there is plenty of hosting capacity, and how the utility can use this data to identify areas across its system where upgrades are needed or where non-wires alternatives can be proposed.

However, NRDC asks that the Commission specify whether the DER Rule is to be merely used for the utility IRP process or whether it is also to be used for DER planning and distribution system planning? For example, the components of the proposed DER Database can be the source of substantial benefits to DER developers beyond the utility IRP process. If this rule is limited to the triennial IRP process, then this information would only be used and available during the IRP process. NRDC recommends that the Commission consider making the DER Database available at intervals greater than every three years.

NRDC is sympathetic to the position of the utilities and Office of Public Counsel that this data may not be readily available and may be costly to collect. Nevertheless, NRDC believes that the collection of information and related IRP considerations should be considered as aspirational. In other words, while the utilities may not be able to collect all the information required in the DER Rule or be able to prepare the evaluations of DER as described in the DER Rule, the DER Rule identifies important processes and analyses the utilities will need to begin doing in the near future. NRDC suggests that the Commission not wait until DER penetration begins to impact the distribution system, but that, as implied by the DER Rule, the utilities should begin preparing for DER.

Comments on Specific Parts of the DER Rule

A. Definitions

NRDC supports the proposed definition of DER included in the DER Rule. However, NRDC does recognize that the definition from the NARUC DER Manual may require additional specifics as it applies to specific states. NRDC disagrees with comments seeking to remove or limit the definition of DER only to generation resources, such as rooftop solar. DER, either on a stand-alone basis or in conjunction with other technologies, should not be considered only as one type of technology. For example, rooftop solar installations are increasingly paired with energy storage for a variety of reasons, including to address the ramping that is prevalent with solar as the sun rises and sets. Additionally, a portfolio of DER can be used to enhance hosting capacity,

such as pairing solar with storage and demand response, or to support development of microgrids.

B. DER Database

NRDC supports the creation of a DER Database. NRDC believes that there is a significant amount of information that is useful to the utility, customer, and the marketplace, but recommends that specific determinations of useful data may be better served by the creation of a working group to identify the types of information that are currently collected by utilities and data that will need to be collected (and made available) in the future with additional investments. As an initial matter, NRDC has identified a small set of the types of information that should be collected including daytime minimum load by feeder and phase. In addition, NRDC recommends that characteristics of a feeder be aligned with data necessary to run a hosting capacity analysis. For example, EPRI has developed a model hosting capacity analysis tool available to utilities and can serve as an initial source for data needs.³

Additionally, NRDC reiterates that the DER Database should be made available to customers and product developers as an important source of information on where to optimally locate DER across a utility's service territory, and that it be made available more often than as part of the utilities' IRP submissions.

Finally, NRDC supports the identification of necessary standards to support interconnection of resources via the interconnection process. NRDC recommends that details surrounding interconnection should also be subject to a separate working group or a separate proceeding to identify necessary changes to the existing interconnection process, including updates in response to changes to prior standards and to the application process.

C. Evaluating DER in IRP Process

NRDC supports the direction of this section. NRDC recommends that this section also specify that DER analysis should also apply to utility load forecast and planning requirements. Since DER will change customer load profiles, that will have significant impact on the utility load forecast which is a significant driver and component of an IRP.

Additionally, NRDC recommends the Commission ensure that the consideration of DER include customer-owner/behind-the-meter DER as part of this section. NRDC believes that this is the intent of the Commission Staff, but where there is confusion in the rule, the Commission should make it clear that non-utility owned DER should be included in the IRP models.

NRDC appreciates the concerns of the utilities regarding the requirement to conduct a detailed line-by-line analysis of its transmission and distribution grids. As noted above, NRDC sees this DER Rule as the first step of many towards a more efficient operation of the distribution system, and an important part of this is for each utility to begin collecting information about its

³ http://dpv.epri.com/hosting_capacity_method.html.

own system. Knowing the capability of a utility to do such an analysis as required here is itself an important piece of information in planning for the distribution system. If a utility is not able to conduct such an analysis, then it is not able to do so, but going through the process, at this point in time with DER adoptions, can help with utility planning and operations in the future. The movement towards planning for DER is a journey and will not be done immediately as the many pieces of the utility need to become aligned towards a future where it has greater visibility and knowledge about its system and integrates DER as part of its normal course of business.

Conclusion

NRDC thanks the Commission for the opportunity to provide these comments on the draft DER Rule proposed by Commission Staff. The Commission Staff should be commended in the development of this draft for its thoughtfulness and consideration of the issues facing the Commission and the state. NRDC looks forward to working with the Commission and Commission Staff in the future on the topics raised in this proceeding.