

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Consideration of Proposed	)	
Amendments to the Missouri Public Service	)	<b><u>File No. EW-2019-0002</u></b>
Commission's Rules Regarding Solar	)	
Rebates (4 CSR 240-20.100(4))	)	

**MISSOURI DIVISION OF ENERGY'S RESPONSE TO  
PUBLIC SERVICE COMMISSION STAFF'S DRAFT RULE AMENDMENTS**

COMES NOW the Missouri Division of Energy ("DE"), by and through the undersigned counsel, and in response to the Missouri Public Service Commission ("Commission") Staff's ("Staff") draft rule amendments in the above-captioned matter states as follows:

1. On July 2, 2018, Staff filed a *Motion to Open Rulemaking Workshop* for purposes of discussing proposed amendments to the Commission's rules on solar rebates. The Commission granted Staff's request on July 5, 2018, and set July 16, 2018 as the deadline for comments on Staff's proposal.

2. The proposal issued by Staff is in response to Senate Bill 564 (2018) – specifically, Section 393.1670, RSMo., which will require electrical corporations to offer solar rebates between January 1, 2019 and December 31, 2023. The rebates are established at \$0.50/watt for systems becoming operational between January 1, 2019 and June 30, 2019, and are subsequently fixed at \$0.25/watt for the remainder of the section's applicability. These rebates are available to all customers with qualifying systems in the designated classes. The law specifies total rebate funding limits, as discussed further below. Customers are eligible for rebates on new or expanded system capacity that has

not already been provided a rebate, with a limit of 25 kilowatts (kW) per residential system and 150 kW per non-residential system.<sup>1</sup>

3. Among other provisions, the rule revisions proposed by Staff would require electrical corporations offering solar rebates to target certain types of customers and areas of the utilities' systems, as follows:

- a. Low income communities;
- b. High poverty level areas;
- c. Multifamily dwellings;
- d. Areas with over-utilized circuits or high congestion areas; or,
- e. Areas where additional distributed generation would benefit the electric utility's system.

Alternatively, Staff proposed the following target sectors:

- a. Customers whose household income is Z percent (Z%) of the federal poverty level;
- b. Multifamily dwellings;
- c. Areas with over-utilized circuits or high congestion areas; or,
- d. Areas where additional distributed generation would benefit the electric utility's system.<sup>2</sup>

The proposal also indicates that utilities would target as-yet unspecified minimum and maximum percentages of rebates to these sectors.<sup>3</sup>

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<sup>1</sup> See <http://www.senate.mo.gov/18info/pdf-bill/tat/SB564.pdf>.

<sup>2</sup> See draft text at 4 CSR 240-100.(4)(R) and (S).

<sup>3</sup> See draft text at 4 CSR 20-20.100(4)(Q).

4. DE appreciates and supports what it believes is the intent of Staff's proposal and similarly encourages the Commission to consider and evaluate both equitable and system-benefitting solar offerings to all customers. All customers are responsible for the costs associated with the solar rebates, including low-income residential customers, and DE recognizes the need to "level the playing field" for rebate utilization and access by these low-income customers. Numerous benefits may result from solar projects that serve low-income and economically disadvantaged Missouri communities. Benefits that may derive from such solar projects could include reduced dependence upon energy assistance funds, potential reductions in bad debt for some customers, the ability to keep homes at more comfortable temperatures, and greater energy security generally. DE supports the Commission providing guidance and reasonable goals that will result in the equitable distribution of solar rebates to all customer groups.

5. The Commission has relatively broad statutory authority over matters within its jurisdiction. As noted previously, the law requires rebates to be provided to all qualifying systems. DE wants to ensure that utilities are able to fully expend the statutorily allocated funds should they demonstrate an inability to achieve the levels of targeted rebates that Staff suggests. To that concern, DE notes that the statute provides both annual and cumulative limits on total rebate funding. For example, the limits for rebates provided by Union Electric Company d/b/a Ameren Missouri are described as follows:

Electrical corporations with one million or more Missouri retail customers as of the effective date of this section shall not be obligated to pay solar rebates **in any calendar year** from 2019 through 2023 in an amount exceeding five million six hundred thousand dollars **or in an aggregate amount** during

those calendar years exceeding twenty-eight million dollars .... (Section 393.1670.1(1), RSMo.; emphases added.)

6. Whether or not the word “or” in the above text means that both limits apply is important for purposes of implementing rebate targeting. DE supports what appears to be the intent behind Staff’s proposed targeting language and suggests that the language in any proposed rule should be flexible enough to accommodate fully expending available rebates. DE proposes four points for consideration by the Commission that would work towards equitable and system-benefitting solar additions:

- a. The Commission should include “goals” (i.e., non-binding targets) for equitable and system-benefitting solar rebate distribution.
- b. The Commission should consider whether Section 393.1670, RSMo. enables rebate amounts to be rolled over between individual years from 2019 through 2023. The Commission should also consider whether to apply the annual cap for 2019 in order to balance stakeholder interest in timely spending on solar rebates with the need to guarantee the availability of rebates for subsequent distribution. The application of this provision will provide stakeholders with time to implement goals for solar rebate distribution, rather than allow all solar rebates to be provided before stakeholders can sufficiently develop appropriate mechanisms to ensure equitable distribution.
- c. The solar rebate rules should include a requirement for utilities to file plans for targeting the solar rebates to the above-mentioned types of sectors based on the achievement of specified goals in order to promote

and ensure, to the extent possible, equitable access to the program by all consumer groups. Such plans should contemplate appropriate outreach to disadvantaged customer groups and communities that may go unserved without such outreach. The plans filed by utilities should, for instance, address how the utilities will work with trade allies and community groups and explain how the utility will identify and pursue all customer groups (e.g., through hosting capacity analyses and coordination with master-metered multifamily units). Coordination with community action agencies and/or others that might provide needed customer insight should be evaluated as a part of utility plans.

d. An additional opportunity for pursuing equitable access to solar installations outside of the solar rebate process may be through community, subscriber, and/or shared solar programs that provide solar access to renters, multifamily properties, low-income customers, and other underserved sectors. Such programs could provide more affordable subscription terms to low-income households. Given recent declines in the costs of solar, these types of programs should prove even more cost-effective than in the past. Individual rate and tariff filings by utilities provide one opportunity for such projects, and the enactment of the text at Section 393.1665, RSMo. (as signed into law through SB 564) provides another means to support community, shared, and/or subscriber solar. This other portion of the legislation requires total utility investments of at least \$25.5 million in utility-owned solar facilities in Missouri or an adjacent state by the

end of 2023. Utilities and stakeholders should work together and find opportunities to channel the required investments towards community, shared, and/or subscriber solar projects with low-income components.

7. DE also recommends the inclusion of language that requires utilities to timely confirm whether or not customer systems are operational; the current language at 4 CSR 240-20.100(4)(L) provides utilities with 12 months to make such confirmations, while the onus of such confirmations appears to have fallen on customer-generators. The Commission has ordered an investigation of two utility companies' practices in this regard, suggesting the need for additional consumer protections.<sup>4</sup> Finally, DE notes that the proposed rule skips from part (4)(N) to part (4)(Q) and omits(4)(O) and (4)(P).

8. DE reserves the ability to provide additional comments on proposed rule content for subsequent drafts.

WHEREFORE, the Missouri Division of Energy respectfully files its response to Staff's draft rule amendments.

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<sup>4</sup> Missouri Public Service Commission Case Nos. ER-2018-0145 and ER-2018-0146, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service* and *In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service*, Commissioner Rupp's Order Directing Staff to Investigate Allegation, July 2, 2018.

Respectfully submitted,

/s/ Marc Poston

Marc Poston, MBN #45722

Senior Counsel

Department of Economic Development

P.O. Box 1157

Jefferson City, MO 65102

(573) 751-5558

[marc.poston@ded.mo.gov](mailto:marc.poston@ded.mo.gov)

**Attorney for Missouri Department of  
Economic Development – Division of  
Energy**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 16<sup>th</sup> day of July, 2018.

/s/ Marc Poston

Marc Poston