Virginia Community Solar Program

Objective
The Solar Research Institute (SRI) will host public listening sessions and has created a forum for direct, online input to enlist stakeholders' knowledge and expertise in the development of a Virginia Community Solar Program (VCSP) (collectively the public listening session and the direct, online input are referred to as the SRI Stakeholder Process). A group from the electric utilities, the solar industry and Powered by Facts has formed an advisory council, the VA Community Solar Advisory Council (VACSAC) to incorporate stakeholder input into the VCSP design. SRI seeks to manage these listening sessions to provide for a broad range of interests and ideas across all relevant stakeholder groups while maintaining a highly efficient process. SRI will maximize the diversity and quality of the input by providing a structured approach that allows everyone an opportunity to be heard. VACSAC has developed general program parameters for a third-party supplied, utility administered community solar program and through the SRI Stakeholder Process seeks input on specific questions related to program design, rates and program economics for the customers, the utilities, and the third party solar PPA providers.

Background
MD-DC-VA Solar Energy Industries Association (MDV-SEIA), the solar industry's trade association for the mid-Atlantic and the electric utilities have debated the necessity and potential program designs for Community Solar in Virginia for four or more years. Frequent legislation in recent history supported the creation of the Virginia Solar Energy Stakeholder Group (the Stakeholder Group). The electric utilities, MDV-SEIA and Powered by Facts assigned representatives to the Stakeholder Group to represent their interests. The Stakeholder Group seeks to develop consensus on the policy issues inhibiting passage of the solar energy bills carried over last session.

The Stakeholder Group determined that related to Community Solar, the solar industry and the electric utilities generally shared objectives, goals and program design. The Stakeholder Group has had some discussions and developed a draft for further discussion. Next, the Stakeholder Group developed the VA Community Solar Advisory Council (VACSAC). The VACSAC is comprised of: Appalachian Power, the Virginia Electric Cooperatives, Dominion Virginia Power, the League of Conservation Voters, MDV-SEIA, Powered by Facts, and the Southern Environmental Law Center. The VACSAC has finalized the specific Requests for Information found in this document and the design for the listening sessions and online RFIs.

Draft Community Solar Program Parameters
VACSAC developed the following draft attributes for a Virginia Community Solar program. VACSAC expects these listening session will clarify and provide additional details but that this process would not change the general tenor of the program.

- The Community Solar Program will initially be run as a pilot program. The program start and end dates have not yet been determined.
- The solar energy will be supplied through third-party PPAs to the utility.
- The utility will administer the billing/maintain the relationship with the customer-subscriber.
- Individual community solar facilities for IOUs could be 2MW or less.
- Each utility/electric cooperative's community solar program may have slight variations due to their different geographies, constituents, etc. The program will be optional for co-ops.
- The initial program, in the case of Dominion's territory, would be a minimum of 25 MW. When >90% of the program is subscribed, it will automatically increase in increments, up to a maximum of 40MWs.

- The initial program for APCo's territory will be a minimum of 4MWs. When >90% of the program is subscribed, it will automatically increase in increments, up to a maximum of 25MWs.
- A report-out to General Assembly and the State Corporation Commission will occur on the third anniversary (3 years) into the program.
- Utilities will conduct competitive RFPs for Power Purchase Agreements with third parties. The term of the PPAs is to be determined.
- The Council is seeking feedback on the option to have up to 25% of the aggregate program MWs as 2 MW or smaller carve-outs from larger facilities, as it may help lower the subscribed customers' blended rate. Additionally, should electric cooperatives choose to participate in these programs, they may need the flexibility to participate at smaller sizes, to carve out portions of larger facilities, to participate jointly with other electric cooperatives, and/or to enlist the assistance of a wholesale generation & transmission cooperative in connection with their participation in these programs.
- Program rates will be set annually and will be reflective of average costs across all community solar facilities. Customers in a rate class will pay a blended rate. Customers will pay the same rate.
- Utilities would market and seek subscribers and provide billing services.
- Customer bill credit will be tied to fuel/LMP.
- Utility earns margin/return (possibly authorized ROE + enhanced for subscribed, ROE – same percentage for unsubscribed), cost recovery and/or administrative fee(s)
- It is important to note that any program developed through this process may require enabling legislation and approval of the State Corporation Commission.

Requests for Information
RFI responses on any of the following topics will be accepted through **September 16th, 2016 (5PM ET)**. When submitting a response, please clearly label which RFI topic you are responding to in the document. In-Person Sessions are tentatively scheduled to occur September 19th-23rd.

RFI 1: Measures of Success, Length of Pilot, and Low-Income Inclusion

- What are measures of success?
    - Based on experiences in other markets what measurable attributes have defined success for these programs? And, given the specific regulatory and market attributes in Virginia what defines measurable success in Virginia?
- Length of Pilot
    - What is an appropriate pilot length?
    - Should the number of years for the Pilot be limited if there is an aggregate MW cap?
- Low-Income Inclusion
    - What would define a low income component to a Virginia Community Solar Program and what are the mechanisms for including this low income segment?
    - How might we expand this program to incentivize low-income participation in the program and cover their cost to participate?
    - If there is an incentive, who would pay for it, or would it be a different billing structure?
    - What has been successful in other states to promote low-income inclusion?
    - Would the other subscribers, through a nominal fee, underwrite low-income inclusion?

RFI 2: Program Size, Facility Size Caps, and Inclusion of Large Scale Facilities

- Existing facilities: should existing facilities be able to qualify?
- Facility placement: Should they be in disadvantaged communities, brownfield, etc.? This may increase program cost. Given this, what is the balance so it does not become a barrier to subscribers?

- As was mentioned in the program outline, when >90% of the program is subscribed, an automatic increase is suggested to occur. What are appropriate increments for program growth?
- Facility Size Caps and inclusion of large scale facilities
  - What is the appropriate per facility size cap? It is currently suggested to be 2MWs.
  - It has been proposed that the individual facility size be limited to 2MWs or less option to have up to 25% of aggregate MW as 2 MW or smaller carve-outs from larger facilities. Please provide feedback on this suggestion.
    - Ex. There is a 20MW facility that wants to allocate 2MW of the facility to Community Solar. The benefit is that this could lower the blended rate for customers.

RFI 3: RFP Key Terms and REC/Carbon Treatment

- RFP Key Terms & Structure: term, price escalator, qualification requirements
  - What is the recommended PPA term?
  - What is the recommended price escalator, if any?
  - What are the recommended qualification requirements?
  - Should PPAs have buy-out option? If yes, what is the appropriate length of time for the PPA to occur before a buy-out is made available to the incumbent utility?
  - Should value be placed on location of systems (due to deferred investment, etc.)?
  - What other attributed should be considered in the RFP? (e.g., fuel, capacity, time of generation, avoided infrastructure costs)
- REC/Carbon Treatment
  - Should the program allow for RECs and Carbon avoidance to be separate commodities?
  - Can the RECs be used to optimize the cost of the program?

RFI 4: Subscriptions, Bill Credits, and Utility Margin/Return and Administrative Fees

- Subscription: Length/Incentives/Escalators/Pre-pay
  - Please provide your thoughts on a "buy-in cost" (upfront vs monthly). Should this vary depending on the size of subscription, length of commitment, or other factors? Please explain.
  - Should there be caps on size of subscription per customer? Should there be a minimum subscription size?
  - What are the contractual rights and obligations to a subscription (contract terms) and should the program allow for customers to pre-pay for an extended subscription? Would there be a benefit to pre-paying?
  - Who can subscribe? Residential customers? Commercial customers?
  - Should different subscriber classes be capped/have certain program allocations?
  - Are there different subscription requirements for different customer classes (longer period of time for those with larger subscription)?
- Customer Billing
  - How should this be applied to the customer's bill? What are best practices regarding timing (30 days, 60 days, etc.)?
  - How should billing occur - prospective with true-up at end of year?
  - What are the quantifiable attributes that should be included in the customers' bill credit and what methodology should be used to set the pricing?
  - How should the program provide for opt-in opt-out flexibility without impacting program costs?
- Fees
  - Structure/timing of fees:
    - Is an opt-in or opt-out fee preferable?

    - At what frequency should fees occur?
    - How are admin fees structured and applied in other states?
  - Similar to a cell-phone contract, should there be a reasonable early termination fee?
  - How are admin fees applied when the program is not fully subscribed?

RFI 5: Marketing, Billing, and Consumer Protection

- Marketing to Subscribers
  - What are best practices and lessons learned from other state programs?
  - How can we encourage subscriptions to the program?
  - What are average costs per customer acquired?
  - What are the best mediums for outreach to potential subscribers? (social media, booths at events, etc.)
  - How should the marketing program happen?
  - What are best practices and lessons learned from other markets related to consumer protection?
- Utility Billing System
  - What are the most cost-effective approaches for integrating the accounting for the VCSP into the utilities billing while meeting the requirements of the customer, the PPA provider, the utilities and potentially other vendors or stakeholders? Please note that a compete replacement of the existing billing system is not an option (due to significant cost). Third-party access into the billing system is not an option due to various security concerns. Ideally the proposed solution will be something that can be programmed in to the existing system as opposed to an additional interface/platform.
  - Cybersecurity and system security concerns are also concerns. How have they been addressed in other states?