

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSISSIPPI

DOCKET NO. 2021-AD-19

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MISS. PUBLIC SERVICE  
COMMISSION

IN RE: ORDER ESTABLISHING DOCKET TO REVIEW THE EFFICACY AND  
FAIRNESS OF THE NET METERING AND INTERCONNECTION RULES

**COMMENTS OF SCENIC HILL SOLAR, LLC**  
**ON COMMISSION'S ORDER SEEKING COMMENT**

In response to the Mississippi Public Service Commission's ("Commission") Order Seeking Comment dated February 2, 2021 ("Order"), Scenic Hill Solar, LLC ("Scenic Hill Solar") respectfully files these comments addressing the Commission's 18 questions in the Order regarding the Mississippi Renewable Energy Net Metering Rule ("Net Metering Rule") and the Mississippi Distributed Generator Interconnection Rule ("Interconnection Rule").

Scenic Hill Solar develops solar energy facilities for commercial and governmental customers, primarily in its home state of Arkansas. Since its inception in 2016, the company has been very involved in crafting Arkansas' net metering legislation and the Arkansas Public Service Commission's (Arkansas PSC) net metering rules in Docket No. 16-027-R. As well, Scenic Hill Solar has filed eight applications at the Arkansas PSC for approval of net metering facilities for customers with over 1,000 kilowatts alternating current ("kW AC") of facilities, as required.

To date, Scenic Hill Solar has completed construction of a dozen facilities from 500 to 6,000 kW AC and has garnered approval of three of the first four facilities approved by the Arkansas PSC, for two facilities of 3,700 kW AC and one facility of 20,000 kW AC with 40,000 kW-hours ("kWh") of battery storage. Construction of those Arkansas PSC-approved facilities is imminent, thanks in part to the Arkansas PSC granting each of the proposed facilities 20 years of grandfathering, assuring that the applicable rate structure will be preserved without additional fees

or charges. Given our familiarity with the Arkansas PSC's net metering rules, we make reference to those rules in these comments, particularly with regard to what has enabled net metering to thrive in Arkansas.

To summarize our comments, four elements of the Arkansas PSC's net metering rule have been instrumental in the Arkansas market for commercial and governmental net metering facilities, and we encourage the Commission to adopt similar elements in the Mississippi Net Metering Rule. The first element is kWh-for-kWh netting, guaranteed in Arkansas law for demand-metered customers. The second element is rollover of unused kWh credits from one billing period to the next. The third is meter aggregation, allowing a customer such as a city to use a single net metering facility to offset potentially dozens of accounts. And the fourth element is allowance of energy services agreements between third party owners and net metering customers, which has been an effective way for government entities to take advantage of federal tax credits. Put simply, if the Commission includes these elements in its Net Metering Rule, Scenic Hill Solar and other commercial developers are very likely to develop net metering facilities in Mississippi.

Scenic Hill Solar was very involved in the development of the redline of the Net Metering Rule and Interconnection Rule filed by the Sierra Club as Attachment A to their comments. We support those redlines, and note that the four favorable elements of Arkansas' net metering rule, summarized above, are included in the jointly-developed redline for the Commission's consideration. Frequently, we make reference to the jointly-developed redline in these comments.

In general, our comments focus on the commercial solar market, while not addressing issues outside of our business model such as residential market provisions, shared solar, and low income customer provisions. As other parties are planning to propose, Scenic Hill Solar asks that the Commission allow parties to file reply comments and participate in a live hearing.

## RESPONSES TO COMMISSION QUESTIONS

### **1. Have the Net Metering and Interconnection Rules been effective in creating meaningful access to renewable self-supply opportunities for Mississippi electric customers?**

No. Several parties are providing detailed analyses of the very modest size of the net metering market in Mississippi compared to other states, and we need not repeat the numbers here. The important point is that if the Net Metering and Interconnection Rules had created “meaningful access to renewable self-supply opportunities,” then there would be far more net metering facilities, as other states have experienced. For instance, Mississippi is comparable to Arkansas in population, climate, and energy costs, but particularly with regard to commercial net metering, Arkansas has a thriving market while Mississippi has almost nothing. Mississippi has missed an opportunity to create jobs and lower energy costs; the present rulemaking can change that going forward.

Note that in the Interconnection Rule, the definition of IEEE 1547 and IEEE 1547.1 have been edited to reference the current versions of those standards. However, the Interconnection Rule makes various references to sections of those standards, and the jointly-developed redline does not update those section references, which might have changed with the updates.

### **2. What, if any, modifications to the Net Metering and Interconnection Rules could meaningfully increase customer access to renewable self-supply?**

As summarized in our introduction, we believe that four elements of the Arkansas net metering rule would “meaningfully increase customer access to renewable self-supply” in Mississippi. First and foremost, to our knowledge, every successful net metering program in the country relies on kWh-for-kWh netting. Mississippi’s Net Metering Rule currently compensates

customers based on the “Total Benefits of Distributed Generation” that is hard to calculate and subject to change over time; as a developer, we could not in good faith encourage anyone to invest in a project under such a compensation scheme. In order to invest in a project, the investor (if third party owned) must have a reasonable basis to conclude that the project will earn a return. And, for a customer-owned project, the customer must have a reasonable basis to conclude that the project will save them money over time. The current Net Metering Rule offers no assurance of savings or returns. The jointly developed redline provides for kWh-for-kWh netting in the Net Metering Rule by eliminating definitions in Chapter 2 regarding benefits and costs (used in the current Total Benefits calculation), eliminating Chapter 3, Parts 107 and 108 (regarding the Total Benefits mechanics), and adding Chapter 3, Part 107 (as renumbered) with kWh-for-kWh netting.

An essential component of kWh-for-kWh netting is that it will continue to be available, without additional charges or fees. In Arkansas, 20 years of “grandfathering” is available for a customer’s first 1,000 kW of net metering facilities, and for facilities beyond that limit with Arkansas PSC approval. Again, no customer can reasonably anticipate savings over time if their rate structure can be dramatically altered by a future Commission, which is part of what is holding back the market in Mississippi. The jointly-developed redline includes grandfathering in Net Metering Rule Chapter 3 in new Part 116, which relies on the newly defined term “Legacy Rights” in Chapter 2.

The second element of Arkansas’ effective net metering rule is rollover of excess kWh credits, as is done in many states. This provision is included in the jointly-developed redline alongside the kWh-for-kWh netting in Chapter 3, Part 107 (as renumbered). The point of this provision is obvious: a facility sized to match a customer’s annual load will typically over-generate in sunny months and under-generate in cloudy months. Fortunately, energy costs tend to be higher

in sunny months; excess kWh delivered to a utility in July by a net metering customer is more valuable than kWh delivered by that utility to that net metering customer in February.

The third element of Arkansas' rule that we encourage the Commission to adopt is meter aggregation. As an example, Scenic Hill Solar is working with the City of Hot Springs, Arkansas to develop a total of six net metering facilities that will offset a total of 44 accounts with Entergy Arkansas, LLC. The flexibility to have one facility net against more than one account makes the overall project for Hot Springs work. It would not be economic to have separate facilities sited at the location of each of Hot Springs' 44 accounts. Part 106 of Chapter 3 of the jointly-developed redline is a new provision allowing meter aggregation.

Finally, the fourth critical element of the Arkansas net metering rule that we urge the Commission to adopt is allowance of energy services agreements. Scenic Hill Solar has worked with municipalities, counties, school districts, water authorities, and non-profits that cannot directly take the 26% federal Investment Tax Credit ("ITC") available to for-profit entities. Instead, these entities have signed energy services agreements with third party owners who can take the ITC. This lowers the rate that the owner can provide to the customer, and typically includes a provision allowing the customer to elect to purchase the facility after five years (the Internal Revenue Service requires the original owner to maintain ownership for five years). The jointly-developed redline allows for energy services agreements through the definition of a "Renewable Energy Net Metered Interconnection Customer" or "RENMIC" in Chapter 2 of the Net Metering Rule. As well, the definition of an "Electric Utility" in Chapter 2 includes redline to specify that a third party owner of a net metering facility shall not be considered an Electric Utility.

Other than these four changes, there are various other edits in the jointly-developed redline that will enable Mississippi to realize its potential for adoption of net metering facilities. Of particular interest to Scenic Hill Solar for commercial facilities, raising the facility size cap to 5,000 kW as the redline does will allow development of larger systems that have lower cost per kW. And, clarity on the ownership of Renewable Energy Credits is important, and fair, and has been addressed in the jointly-developed redline. Putting all references to facility sizes in AC rather than direct current (“DC”) is a practical change, reflective of the fact that a kWh of energy from a utility, which is delivered in AC, is being offset by a kWh from the customer, after the DC energy from a solar array is converted to AC energy through an inverter. As well, setting a process for future review of the Net Metering Rule after 8% penetration (in Chapter 3, Part 103) would assure that the market does not come to an abrupt halt. Outside of Scenic Hill Solar’s focus on the commercial market, the low-income adder and shared renewables concept will further open Mississippi’s market, and we encourage the Commission to adopt these provisions.

**3. What, if any, modifications to the Net Metering and Interconnection Rules would incentivize increased participation by both net metering customers and industry providers such as developers, designers, installers and maintenance providers for distributed generation facilities?**

Please see our response to Question #2, and we reiterate that as a developer, we would be incentivized to participate in Mississippi if the modifications that we discussed in our response to Question #2 were adopted.

**4. What, if any, modifications to the Net Metering and Interconnection Rules should the Commission consider to increase low-income access to, and participation in, net metering?**

While outside of Scenic Hill Solar's scope, we encourage the Commission to thoughtfully review the comments of PosiGen, given their success serving low-income customers in Louisiana and elsewhere, and we support the redlines related to low-income customers.

**5. What, if any, modifications to the Net Metering and Interconnection Rules should the Commission consider to better enable commercial and industrial enterprises to self-supply?**

Please see our response to Question #2.

**6. What, if any, modifications should be made to the annual reporting requirements of the current Net Metering Rule?**

As seen in the jointly-developed redline of Chapter 5 of the Net Metering Rule, we are not seeking changes to the reporting requirements, other than being supportive of the proposed changes to reporting related to low-income customers.

**7. Should the Commission modify or remove the existing cap(s) on total installed net metering capacity?**

Yes. A cap is essentially a cliff; when the cap is met, the market comes to a hard stop. Of course, this cliff discourages developers from entering the market in the first place, given the cost of establishing a presence in Mississippi. As noted, the jointly-developed redline proposes a working group review of the Net Metering Rule when penetration reaches 8% (Chapter 3, new Part 103). To address spurious arguments based on everyone installing net metering facilities, the

jointly-developed redline retains a threshold at which a utility may seek to end net metering, but changes that threshold from 3% to 10%, allowing some time for the working group to develop new rules before the 10% threshold is reached.

**8. Should the Commission modify the timing or manner in which net metering customers are credited or compensated for excess energy exported to the grid?**

Yes. Please see our response to Question #2. As noted there, we consider kWh-for-kWh crediting to be the most important change that the Commission can make, and that grandfathering and rollover are essential components of kWh-for-kWh crediting.

**9. What measures or mechanisms could most equitably reduce the upfront cost burdens faced by customers interested in self-supply through net metering?**

For the commercial solar market in Arkansas, Scenic Hill Solar has seen some very costly estimates for interconnection upgrades that Entergy Arkansas, LLC has claimed are necessary. While not included in the jointly-developed redline, limits on what a utility can require for interconnection should be considered. Two major upgrades that are commonly required, but are not necessary for utility grid safety and reliability, are: fiber-optic cable from a facility to the substation serving that facility to enable automatic facility shutdown in the event of over-generation on the circuit (line-of-sight optical systems are far cheaper and just as reliable), and substation transformer upgrades to handle overgeneration on the circuit (automatic facility shutdown when necessary obviates any need for a transformer upgrade).

**10. What role, if any, should the Mississippi Public Utilities Staff serve in reviewing facilities studies for Level 2 and/or 3 interconnections?**

Level 2 and 3 interconnections are reviewed by the utility, and hopefully will rarely require involvement by the Mississippi Public Utilities Staff. Current Part 101 of Chapter 13 of the Interconnection Rule allows for a party to bring a complaint to the Commission, and appears adequate. We encourage the Staff to employ or retain personnel familiar with interconnection of customer-sited solar arrays larger than 500 kW, which is likely to cover nearly all interconnection complaints. As well, looking forward, battery storage is likely to be included with many solar net metering facilities of all sizes in the future; we encourage Staff to be prepared for disputes involving interconnection of facilities with storage.

**11. In light of the Commission's recent approval of advanced metering infrastructure (AMI) for Entergy and Mississippi Power Company, are bi-directional meters still needed for effective net metering?**

No, bi-directional metering is not needed to implement net metering. Bi-directional metering is an unfortunate bi-product of allowing different rates for imported and exported energy; kWh-for-kWh netting only requires a meter that can measure net energy over time without tracking total imports and total exports. While AMI meters are capable of measuring total imports and total exports, those data are not required for net metering.

**12. To the extent a commenter proposes a new or different compensation scheme, please explain how that proposal would directly affect a Mississippi customer's ability to self-supply. Answers to this question should include any relevant studies, surveys, financial modeling or other specific data-driven evidence supporting the position.**

Please see our response to Question #2. Several other parties are providing relevant studies to support that kWh-for-kWh net metering is effective and does not entail subsidization by non-net metering customers. Most importantly, the Synapse Study presented to the Commission in 2014 showed that net metering not only reduces costs for net metering customers, it also provides a net benefit to other customers through capacity benefits and other benefits. Mississippi has not changed so significantly since 2014 that the Synapse Study is no longer relevant, but we suggest that the Commission could contract with Synapse to update that study for a relatively low cost.

**13. Should the Net Metering Rule incorporate uniform rules or standards applicable to community solar projects and, if so, in what way and to what extent?**

Other parties have developed a proposed shared solar rule that appears reasonable; Scenic Hill Solar supports that proposal.

**14. Should the Commission continue to condition a customer's receipt of the additional compensation allowed by the non-quantifiable benefits adder on the customer's voluntary transfer of their REC ownership?**

No. The owner of a net metering facility logically owns the RECs associated with that facility's generation. Like other property owned by the customer, RECs are property that the

customer can choose to either keep or sell. In principle, we are not opposed to a customer selling RECs to a utility, but we oppose any requirement that RECs be sold to the customer's utility.

**15. Should the Commission permit meter aggregation by a single net metering customer owner?**

Yes. Please see our response to Question #2, in which we explain why we consider meter aggregation to be the third critical element of the Arkansas net metering rule that has allowed commercial net metering to succeed in Arkansas.

**16. How could the Net Metering Rule most effectively and accurately incorporate new or developing distributed energy resources, such as battery storage?**

The only mention of battery storage in the current Interconnection Rule is in the definition of a Distributed Generation Facility ("DGF") in Chapter 2, which provides that a DGF "means the equipment used by an Interconnection Customer to generate or store electricity that operates in Parallel with the EDS. (emphasis added). The jointly-proposed redline does not add anything further, but we suggest that the Commission follow the example of Arkansas, which allows a net metering facility to include storage charged by the renewable energy generator. This means, for instance, that a 1,000 kW AC solar facility could have 2,000 kWh of energy storage, but still qualify without Arkansas PSC review required for facilities over 1,000 kW AC. We encourage the Commission to adopt a provision to view storage as not adding to the size of a proposed facility, as that proposed size is treated by both the Interconnection and Net Metering Rules. However, we have not provided proposed language on this point.

**17. What role, if any, should the Commission's Joint Solar Safety and Net Metering Working Group continue to serve going forward?**

The jointly-proposed redline edits these provisions to address shared solar. Otherwise, we see the working group as serving a useful oversight and advisory role.

**18. What measures and mechanisms should the Commission consider to better enable schools, state and local government bodies, and other non-profit or tax-exempt entities to participate in net metering?**

Please see our response to Question #2, in which we specifically address the importance of energy services agreements to enable governmental and non-profit entities to indirectly access the federal Investment Tax Credit, bringing down the cost of energy for these customers.

**CONCLUSION**

Scenic Hill Solar appreciates the opportunity to provide these comments, and looks forward to further involvement. Along with other commercial solar developers, we stand poised to enter the Mississippi market if demand-metered customers can be reasonably assured that they can reduce their energy costs by installing a net metering facility. As we have explained here, the four most crucial features for the Commission to adopt to enable the commercial market are: 1. kWh-for-kWh netting with grandfathering; 2. Rollover of excess kWh credits from one billing period to the next; 3. Meter aggregation to allow a single net metering facility to offset multiple accounts of a single customer; and, 4. Allowance of energy services agreements to facilitate governmental and non-profit access to federal tax credits. The current Net Metering Rule obviously is not working, but we are excited by the potential to work with the Commission to create a powerful market

enabled by the jointly-developed redline to the Interconnection and Net Metering Rules that Scenic Hill Solar and other parties have proposed.

Respectfully submitted this 5<sup>th</sup> day of April, 2021.

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## CERTIFICATE OF SERVICE

I, Jason B. Keyes, do hereby certify that in compliance with RP 6 of the Rules:

1. An electronic copy of the filing has been filed with the Commission via e-mail to the following address: [efile.psc@psc.state.ms.us](mailto:efile.psc@psc.state.ms.us).

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