

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

Docket No. 2021-AD-19

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

**RESPONSE OF THE CITY OF JACKSON TO THE
COMMISSION'S ORDER SEEKING COMMENT**

COMES NOW the City of Jackson, Mississippi and, pursuant to the Mississippi Public Service Commission's ("Commission") Order Seeking Comment dated February 2, 2021, files these comments, as follows:

INTRODUCTION

The City of Jackson, Mississippi wishes to thank the Commission for this opportunity to comment on the current Mississippi Distributed Generator Interconnection Rule (MDGRI) and Mississippi Renewable Energy Net Metering Rule (MRENMR) (collectively, "Net Metering and Interconnection Rules"). The City of Jackson, Mississippi is the capitol of the state and its largest municipality. The City of Jackson has a large percentage of its population living in poverty, twenty-five percent (25%) according to the 2019 American Community Survey of the U.S. Census Bureau. The City of Jackson also has many households who are renters, fifty percent (50%) according to the 2019 American Community Survey. The Mayor and City Council of Jackson expressed their interest in this current rulemaking by passing a resolution authorizing the Mayor to intervene in this proceeding. In that resolution, the Mayor and City Council noted that it supports efforts to increase access to solar energy as a clean, renewable source of energy. This increase in access will lead to workforce development and job creation in the solar energy industry, which can

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be beneficial to the economy of the City and the entire state. The resolution also noted that authorizing virtual net metering (VNEM) can significantly lower access barriers to solar energy for low and moderate income (LMI) citizens of the City of Jackson.

The City of Jackson has intervened in this rulemaking to assist the Commission in adopting Net Metering and Interconnection Rules revisions that will be beneficial to itself and other municipalities and counties that may wish to undertake renewable distributed generation projects. The current Net Metering and Interconnection Rules have made the City of Jackson's participation in the development of its own renewable distributed generation (DG) projects impracticable, if not impossible. The current Rules prevent LMI households from accessing the potential economic benefits of clean, renewable DG. Generally, the City of Jackson believes these barriers can be addressed through the following revisions to the current Rules:

- Revisions that eliminate the existing hybrid compensation structure under the current Net Metering Rule and allow for a simple, one-for-one retail compensation structure that continues to be supplemented by a LMI adder;
- Revisions that allow for third-party development, power purchase agreements, and net meter aggregation (NEMA); and
- Adoption of an additional chapter within the existing Net Metering Rule that specifically allows for shared renewable DG projects and incentivizes those projects for LMI households and for workforce development.

Consistent with its interests and the removal of the identified barriers to participation in renewable DG through the three identified areas of revision listed, the City of Jackson joins the Community Intervenor Joint Redline to the MDGIR and MRENMR submitted as Attachment A to the Comments of the Sierra Club (hereinafter "Sierra Club Attachment A") and the proposed chapter to the current MRENMR to provide for Mississippi Shared Renewable Energy Systems submitted as Attachment B to the Comments of the Sierra Club (hereinafter "Sierra Club Attachment B").

RESPONSES TO THE COMMISSION'S 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, the current Net Metering and Interconnection Rules have failed in creating meaningful access to renewable self-supply opportunities for Mississippi electricity customers. Mayor Chokwe A. Lumumba believes that the City of Jackson should set an example for Jackson's citizens, other municipalities, and the citizens of those municipalities by undertaking cost-effective renewable energy projects where practical. This is consistent with his Administration's policy of reducing the City's carbon emissions to the greatest extent practicable. One of the most effective ways for the City to reduce carbon emissions is to use renewable self-supply. Under the current Net Metering Rule, this appears to be impracticable, if not impossible, because the current rule does not allow for net meter aggregation (NEMA) and virtual net metering (VNEM). Consequently, the City is not able to use provisions such as section 31-8-1, *et seq.*, of the Mississippi Code, which could allow the City to finance a solar project through a solar power purchase agreement. *See, e.g., Interstate Renewal Energy Council, Inc., Solar Power Purchase Agreements: A Toolkit for Local Governments* (2015) (<https://irecusa.org/publications/solar-power-purchase-agreements-a-toolkit-for-local-governments/>) (discussing various case studies of local government implementation of solar energy projects through the use of power purchase agreements with third-party developers).

The current hybrid compensation structure is also a barrier to the City's participation. The current hybrid compensation structure by its design incorporates an unacceptable level of uncertainty about future compensation from a renewable distributed generation facility (DGF). This uncertainty prevents the City from using the available financing mechanisms for such projects, such as the

state legislation allowing energy efficiency projects that may be financed on a guaranteed savings or shared savings basis with energy services providers. *See* Miss. Code §31-7-14, *et seq.* (1972, as amended) (allowing the state and its political subdivisions to purchase energy efficiency equipment, including renewable energy equipment, and providing means by which to provide for its payment).

The City of Jackson also wishes to be supportive of community/shared solar projects that would allow low and moderate income citizens of Jackson to have access to clean, renewable energy at a cost-savings to their current energy bills. According to the U.S. Energy Department, the energy burden on City of Jackson households earning up to 80% of the state median income averages 11%. *See* Low-Income Energy Affordability Data (LEAD) Tool, <https://www.energy.gov/eere/slsc/maps/lead-tool>. For the poorest households in Jackson, those earning between 0-30% of the state median income, their energy burden is an extraordinary 31% of their household income. *Id.* The current Net Metering Rule fails to support VNEM and community/shared solar projects that could make affordable and clean renewable energy available to low and moderate income citizens.

Community/shared solar projects should be permitted under a revised Net Metering Rule that incorporated VNEM and a chapter for shared renewable projects such as Sierra Club Attachment B. Were the Commission to adopt a new chapter to a revised Net Meter Rule allowing shared renewable projects, the City is prepared to make available, through nominal lease or donation to one or more non-profit organizations, one or more suitable sites for community solar projects to serve low and moderate income households. State law already permits such a donation or lease. *See* Miss. Code §21-17-1 (3) (1972, as amended) (allowing municipalities to donate or lease property no longer needed for a municipal purpose to a not-for-profit civic organization to be used

“for the civic, social, educational, cultural, moral, economic or industrial welfare of the community...”).

Finally, as noted in the answers provided by other intervenors, there has been low market penetration of renewable distributed generation since the adoption of the current Net Metering Rule. In other states where more favorable NEM rules exist that provide adequate compensation, such as a simple, retail rate, combined with workable VNEM and NEMA rules, there has been significantly greater market penetration. The City of Jackson is seeking to position itself to be a “solar city,” one whose regulations and business practices encourage its citizens, and commercial and industrial businesses to participate in renewable distributed generation, particularly solar. There exists untapped potential for economic growth in Jackson and Hinds County. Statewide, Mississippi has only 847 workers in the solar industry, 164 of whom are located in Hinds County. See <https://www.solarstates.org/#state/mississippi/counties/solar-jobs/2019>. The Net Metering rule changes being sought by the City of Jackson and the Community Intervenors through Sierra Club Attachment A hold the potential to open Jackson and Mississippi to a large number of new, well-paying jobs in all categories of the solar energy industry from manufacturing of components, to installation of residential solar panels, to the development and construction of larger commercial, industrial, and shared solar DG projects.

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

As discussed in the response to question 1. above, the City of Jackson supports NEM rule changes that would allow virtual net metering, net meter aggregation, and shared/community renewable energy, particularly solar, projects. Changes to the compensation rules from its current hybrid structure to a simple, “one-for-one” retail rate are also necessary to provide adequate compensation

to customers and to provide a greater level of certainty to future compensation, and to eliminate extraneous expenses, such as a special bi-directional meter that tallies separately energy use and production. The City of Jackson also supports the revisions to the Interconnection Rule that are designed to reduce upfront costs for connecting the renewable distributed generating facility to the power grid. Consistent with what the City of Jackson has identified as some of its barriers to participation in renewable self-supply and encouraging renewable self-supply among its citizens, the City refers to commission to Sierra Club Attachment A and Sierra Club Attachment B. These changes to the Net Metering and Interconnection Rules are supported by the Community Intervenor who all desire a NEM rule that allows renewable energy sources to compete in the marketplace on equal footing with legacy energy sources.

As stated above in response to question 1., the City of Jackson has a specific interest in these proposed rule changes. The City believes that these proposed rule changes will promote several important policy objectives of the City. First, the City desires to reduce its carbon emissions where it is practicable. Projects by other local governments demonstrate that such projects can be done feasibly and can result in cost savings. A solar feasibility study conducted on behalf of Summit County, Utah demonstrated total direct savings over a 20-year period of nearly \$350,000.00. <https://summitcounty.org/DocumentCenter/View/4075/Solar-Photovoltaic-Feasibility-Study>.

When the social cost of carbon emissions avoided was included in the calculation, the savings increased to over \$1.2 million. *Id.* An increasing number of local governments around the country have undertaken solar distributed generation projects in recent years. Forty (40) local governments in (22) different state and the District of Columbia in all geographic sections of the country are in some stage of undertaking a solar DG project. *See* <https://www.epa.gov/repowertoolbox/local-government-solar-project-portal>. The proposed revision to the current Net Metering Rule, *see*

Sierra Club Attachment A, would make it worth the City of Jackson's efforts to begin the process of determining the feasibility of its own renewable DG project.

Secondly, the City of Jackson desires to promote access to affordable and clean renewable energy for all its citizens, particularly low and moderate income households. The proposed Mississippi Shared Renewable Systems chapter to the current Net Metering rule, Sierra Club Attachment B, would allow low and moderate income households, including renters, to access affordable and clean renewable energy sources through shared renewable DG projects. As stated above, the City of Jackson stands ready to assist not-for-profit organizations who wish to construct community DG projects by donating or leasing at a nominal cost surplus City land to site these projects.

Finally, the City of Jackson recognizes the potential for economic growth and job creation through rule revisions that remove barriers to residents, and industrial and commercial businesses that desire to undertake renewable DG projects. Growth in solar energy sector jobs is increasing exponentially across the country where favorable NEM rules remove barriers to these projects. See <https://www.thesolarfoundation.org/wp-content/uploads/2020/03/SolarJobsCensus2019.pdf>.

The City intends to pursue policies and city regulations that encourage the growth of the solar and other renewable sectors within the City. The City is poised to use its existing relationships with Hinds Community College to encourage technical training necessary for jobs in the solar industry. A large number of the entry-level jobs in the solar industry require only a high-school diploma or the technical training available at the community college level. See <http://www.irecsolarcareermap.org/>. The entry-level jobs requiring technical training are well-paid and have available paths for career advancement. *Id.* For advanced-level jobs in the solar industry, the City would seek to leverage its existing relationship with Jackson State University. With a Net Metering and Interconnection Rule that creates a level playing field for renewable DG,

the City of Jackson believes that it is well-situated to take advantage of the economic and workforce development that should follow.

The City of Jackson is also vitally interested in the creation of economic opportunities for minority employees and businesses. The City of Jackson especially encourages the adoption of the Mississippi Shared Renewable System chapter to the Net Metering Rule as proposed in Sierra Club Attachment B. This rule specifically incentivizes participation by minority and disadvantaged business enterprises in the engineering, procurement, and construction of shared renewable DG projects. This rule also specifically incentivizes workforce development in conjunction with renewable DG projects.

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?

All the previously discussed proposed rule changes as embodied in Sierra Club Attachment A should incentivize customer and industry provider participation. *See supra*, responses to Questions 1. and 2.

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?

As discussed in the response to Question 2. above, replacing the hybrid compensation structure with a simple, one-for-one retail compensation structure would simplify the calculation of the payback period for upfront costs. When coupled with the existing low and moderate income adder, as proposed to be modified, LMI homeowners and landlords owning LMI properties, may find

construction of DGFs economically advantageous. LMI homeowners may also have available to them cost-effective choices for financing DGFs. The proposed simple, one-for-one retail compensation structure eliminates the cost associated with installing a special bi-directional meter. Additionally, in order to prevent fixed charges and minimum bill provisions from creating an affordability issue for LMI households, the proposed rule revision would allow these qualifying households to apply excess credits to reduce these bill components. The proposed revisions to the Interconnection Rule can likewise be expected to lower upfront costs of the interconnection of the DGF to the grid. Any proposed rule change that lowers upfront costs and simplifies the compensation structure will be beneficial to LMI households.

For all LMI households, whether renters or homeowners, the availability of the proposed Mississippi Shared Renewable Systems (MSRS) chapter to the Net Metering Rule is paramount. This provision would allow customers to participate in the market for clean, renewable energy while spreading upfront and recurring operation and maintenance costs of the renewable DGF among a larger number of individuals over a longer period of time. Consequently, the proposed MSRS provision could reduce the barrier to participation by LMI households to a de minimus amount. The incentives for targeting renewable DG projects to LMI participation will encourage potential developers of these projects to keep rates available through these projects affordable.

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?

The proposed revision to the current rule that would provide for simply, one-for-one retail credit would make self-supply a more competitive option for commercial and industrial enterprises. The proposed revision that would allow net meter aggregation would also make self-supply a more competitive option. Increasing commercial and industrial enterprises in self-supply would create

the opportunity for additional projects, thereby leading to a growing, stable solar and other renewable energy workforce.

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

The City of Jackson supports any modifications proposed by other like-minded intervenors that would increase the information available to the public, public officials, and the Commission to enable more transparency and data for making informed decisions about future modifications to the Net Meeting and Interconnection Rules.

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

The City of Jackson believes that the removal of the existing cap on total installed net metering capacity will encourage sustainable growth in renewable distributed generation. In place of the existing cap, the City supports the rule revision proposed in Sierra Club Attachment A where eight percent (8%) penetration that would trigger a working group review of the effect this level of penetration has on other customers of the EU. The ability of an EU to apply to the Commission for approval to refuse additional net metering requests once penetration exceeds ten percent (10%) sufficiently protects the EU and the public interest without unnecessarily disrupting growth of the renewable DG market.

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?

The City of Jackson believes that the Commission should modify the existing rule to provide simple, one-for-one retail compensation as presented in Sierra Club Attachment A. The

advantages of such a compensation structure for allowing renewable DG to compete on equal footing in the market is discussed above.

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

As discussed above, for the City of Jackson itself, virtual net metering and net meter aggregation that would allow the City to take advantage of a power purchase agreement to develop its own solar DG projects could be used to reduce the City's upfront cost burden for such projects. The proposed Mississippi Shared Renewables Systems, Sierra Club Attachmant B, would effectively spread the upfront cost burden over a larger number of persons over a longer period of time. This would have the effect of amortizing the upfront cost over the expected life of the project. This aspect of shared renewable DG is particularly important to LMI households, as discussed above.

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

The City of Jackson has no position on this question.

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?

While this is a technical metering question beyond the expertise of the City of Jackson, it is the City's understanding that the expense of a bi-directional meter is no longer necessary for effective net metering where AMI is installed by EUs. The proposed rule, Sierra Club Attachment A, suggests revisions that reflect this fact.

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.

The City of Jackson refers its previous answers provided above. Other like-minded intervenors are supplying specific studies, surveys, financial modeling and other specific data-driven evidence that simple, one-for-one retail compensation is need to adequately compensate net metering customers and to allow renewable DG to compete in the market on equal footing with legacy energy sources.

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?

The City of Jackson refers to its responses to previous questions about the need for a shared renewable DG chapter in the Net Metering Rule. The City is a co-supporter of the proposed Mississippi Shared Renewables Systems, Sierra Club Attachment B.

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?

While the treatment of REC ownership is generally beyond the technical expertise of the City of Jackson, the City believes that RECs serve as an incentive to developers to undertake the risks involved in the development of renewable DG projects. The compensation structure supported by the City of Jackson, eliminates the “non-quantifiable benefits adder” in favor of simple, one-for-one retail compensation. Adoption of this proposed revision to the compensation structure of the

Net Metering Rule would render this question moot. Nevertheless, developers of renewable DG projects should retain the RECs as compensation for their risk.

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

Yes. The City of Jackson refers to its responses to previous questions. As stated in those responses, the City believes NEMA could be a key element in making development of its own renewable DG projects practicable and economically feasible.

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

The City of Jackson has no response to this question.

17. What role, if any, should the Commission's Joint Solar Safety and Net Metering Working Group 4 continue to serve going forward?

The City of Jackson has not participated in this working group in the past because it has heretofore been impossible or, at least, impracticable for the City to participate in renewable DG projects. Nevertheless, should the Commission adopt rules that allow it to work with developers on its own renewable DG projects and allow for the development of shared renewable DG projects, the City would look forward to participation in this or other related working groups. Presumably, the existing working group could provide the vehicle for working groups on related renewable DG topics.

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?

The responses to previous questions that discussed how revising the current Net Metering Rule to allow for VNEM and NEMA would facilitate the City of Jackson's participation in net metering would also apply to schools, and state and local government bodies in general. Also as discussed above, the revision of the Net Metering Rule to provide a simple, one-for-one retail compensation structure would make participation by any entity in net metering more practicable and economically feasible. The incorporation of the proposed Mississippi Shared Renewables Systems chapter, Sierra Club Attachment B, into the Net Metering Rule allows and incentivizes non-profit and tax-exempt entities to undertake and participated in shared renewable DG projects.

Respectfully submitted this the 5th day of April, 2021.

CITY OF JACKSON, MISSISSIPPI

BY: /s/ Terrell S. Williamson
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CERTIFICATE OF SERVICE

I, Terrell S. Williamson, one of the counsel of record for the City of Jackson, Mississippi, do hereby certify that in compliance with RP 6.121(2) of the Public Utilities Rules of Practice and Procedure and in compliance with the Commission's March 12, 2020 ORDER TEMPORARILY SUSPENDING RULES AND ENCOURAGING USE OF THE COMMISSION'S ELECTRONIC FILING SYSTEMS:

(1) An electronic copy of the RESPONSE OF THE CITY OF JACKSON TO THE COMMISSION'S ORDER SEEKING COMMENT has been filed with the Commission via email at the address designated by the Commission for electronic filing, efile.psc@psc.state.ms.us;

(2) An electronic copy of the RESPONSE OF THE CITY OF JACKSON TO THE COMMISSION'S ORDER SEEKING COMMENT has been served to the following persons designated to receive filings at the following addresses:

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This the 5th day of April, 2021.

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