Montana Public Service Commission
1701 Prospect Ave
Helena, MT 59601

Chairman Brad Johnson
Vice-Chairman Bob Lake
Commissioner Roger Koopman
Commissioner Tony O’Donnell
Commissioner Randy Pinocci

RE: The amendment of ARM 38.5.8401 and 38.5.8408 pertaining to Small Generator Interconnection
definitions and procedures.

Chairman Johnson and members of the Montana Public Service Commission,

The Montana Renewable Energy Association (MREA) thanks the Montana Public Service
Commission (“Commission”) for giving attention to these issues and for the opportunity to provide
comments. MREA and is a 501c3 statewide, membership-based association of renewable energy
supporters, advocates, and businesses. Our membership includes businesses that install rooftop solar,
small wind, geothermal, micro-hydro, and other renewable energy technologies. It also includes
Montanans from across the state who support and/or own distributed generation systems. We
respectfully submit the following comments.

I. Introduction and Background

MREA was an intervenor in Docket D2016.9.66, NorthWestern’s 2018 Small Generator
Interconnection Procedures application, where the premises definition was one of the core contested
issues. MREA submitted comments in Docket 2018.6.44, MDU’s 2018 Small Generator Interconnection
Procedures application, which were submitted before the definition of premises was raised at the hearing. Thus, MREA did not provide input on the discussion in the MDU docket. At the close of both dockets, the Commission’s orders noted it found the interpretations and proposals for defining a “premises” to be unsatisfactory\(^1,2\). In those same orders, the Commission further identified a desire to produce a single, unified definition that would be used by both utilities.

It is critical that the Commission use this rulemaking as an opportunity to create a commonly and easily understood rule that will guide stakeholders in the future and avoid the contentious ambiguities that surround the topic as currently defined. The new definition should allow viable and practical configurations of distributed energy resource (DER) installation, while maintaining safety standards and conforming with Montana statute. A number of viable and practical projects have already been rejected due to conflicting interpretations of “premises”. Alterations or cancellations of these projects will significantly reduce the amount of energy savings achieved by the system owner, which conflicts with statutory intent.

MREA’s comments are organized into two sections that address concerns with inconsistencies and ambiguities identified in the proposed rules. The first section addresses the proposed definition of “premises”. The language seemingly contradicts itself, and does not provide sufficient guidance on several key issues. The second section addresses improvements that can be made to the additional reporting requirements in order to clarify the language and intent of those requirements.

II. \textbf{Premises Definition}

The discussion of the premises definition has three elements. The first is the physical boundaries of a “premises”; the second is the allowance for a net metering system to be installed on each metered electrical service; and the third is whether to impose an aggregation limit if multiple systems are installed on a property. The Commission has proposed a definition of premises to mean: “…the customer-generator’s real property served by each metered electrical service. Only one net metering system with an aggregate nameplate capacity that does not exceed 50 kW is permitted per premises.”\(^3\)

MREA’s understanding of the Commission’s intent with this definition is to define a premises as real property (e.g. land and structures), to allow net metering installations on any individual meter, and to impose a system capacity aggregation limit of 50 kW on collections of net metering systems.

\(^1\) Docket No. D2018.6.44, Order 7620a, Paragraph 13
\(^2\) Docket No. D2016.9.66, Order 7621a, Paragraph 11
\(^3\) MAR Notice 38-5-245
MREA suggests the Commission clarify the definition of a premises to address rented or leased properties. We support the decision to conform with statute and allow net metering systems on any or all meters on a customer’s premises. Finally, MREA recommends against an aggregation limit for multiple systems since it is not warranted. To achieve these goals, MREA suggests the following changes to the proposed definition of Premises: “Premises means the customer-generator’s real property the area that is owned, operated, or leased by the customer-generator that is served by each metered electrical service. Only one net metering system with an aggregate nameplate capacity that does not exceed 50 kW-AC is permitted per metered electrical service on a premises.” A clean version reads: “Premises means the area that is owned, operated, or leased by the customer-generator that is served by each metered electrical service. One net metering system with nameplate capacity that does not exceed 50 kW-AC is permitted per metered electrical service on a premises.” The elements of the premises definition are discussed in the sections below.

A. The Physical Boundaries of a Premises

It is unclear how the Commission’s proposed definition addresses the physical boundaries of a premises because it includes language that seemingly contradicts itself. The intent of the proposed language is to allow a net metering system to be installed on any individual meter and to restrict the capacity of all net metering systems installed on a customer’s property to 50 kW in aggregate. The phrase “real property served by each metered electrical service” implies that the premises is defined as each individual meter. It follows that the phrase “only one net metering system…is permitted per premises” must mean that one DER system is allowed on each individual meter. If this is the case, then the phrase “with an aggregate nameplate capacity that does not exceed 50 kW” is conflicting and confusing because a single system cannot be aggregated.

Another interpretation is that “real property served by each meter” does not mean that each individual meter constitutes a premises. In order to comply with the intent of the definition, this interpretation must imply that a premises is the real property (e.g. an area of land or building), and that this real property may have multiple meters on it. In this case, the phrase “only one net metering system… is permitted per premises” restricts the ability to have multiple net metering systems serving individual, separate meters. This once again makes the language about aggregate capacity contradictory and confusing. Further, it undermines the intent to allow one net metering system per meter.

The common issue that arises within these interpretations is the language requiring that only one net metering system be allowed to be installed per premises. These issues are avoided if the Commission
removes this language, further defines premises as a land area, and conforms with statute to allow DER installations on any or all meters located on that land area. MREA’s proposed language clarifies these issues by specifically addressing that each metered electrical service on the premises may have a net metering system on it.

The proposed language is also unclear on how bona fide rental units, leased land, and other non-direct ownership will be addressed. MREA’s suggested language provides clarity. These scenarios were some of the key examples provided in previous discussions around the premises issue. Examples of these scenarios include apartment buildings and commercial leased spaces, as shown in Scenario A in the Appendix. In this case, if the rental units or commercial spaces were not considered separate premises then only one Montanan would be able to install a net metered system to offset their load, and their neighbors would be restricted from doing so. This pits Montanans against each other, who would effectively be competing with each other in order to save money on their energy bills. In its Rule 16 tariff, NorthWestern Energy specifically addresses bona fide rental units, identifying the rental unit itself as the premises. MREA supported this intent to allow rental units their own net metering system if they are individually metered. The suggested language from MREA addresses these issues by specifically including property that is “…operated, or leased” within the definition, and by specifically stating a net metering system may be installed on each metered electrical service.

### B. Serving Individual Meters

The proposed language should not restrict Montanans and Montana businesses from installing a net metering system on any meter they hold an account with, so long as it serves an electrical meter on the land that they own, operate, or lease. Montana statute defines a net metering system as one that “is intended primarily to offset part or all of the customer-generator's requirements for electricity.” Simply stated, a Montanan whose property (or properties) is served by more than one meter cannot offset all of their requirements for electricity – as statute allows – if they are not allowed to install a DER on each individual meter they are served by. As long as the system can be connected safely, pursuant to the interconnection standards approved by this Commission and detailed in ARM 38.5.84, then any Montanan should be free to install a net metered system on any or all of their meters. This is achieved through MREA’s proposed language.

\[4 \text{ MCA § 69-8-103(19)(e)}\]
Scenario B in the appendix demonstrates an example of why serving individual meters is important for Montanans. In this Scenario, a single property owned by a single individual has multiple structures on it, each with its own metered load. Example 1 of Scenario B shows a school in Montana with two buildings on campus. The school would like to install a rooftop solar system for the significant energy savings it would provide the school district over the long term; solar is a great fit for schools because the peak energy demand coincides with peak solar production hours during the day. If the school district were not able to serve each meter with a net metering system, they would have to choose between the buildings and would not be able to fully reduce their electricity needs. Example 2 of Scenario B further demonstrates this negative impact. In this example, an agricultural business has multiple structures on its property, including a shop and several irrigation pumps that are all separately metered. Again, if the business owner has to choose only one of the metered loads for a net metered DER system, they will not be able to effectively offset their energy use. If they could install a net metered DER system on each individual meter, they could offset a significant amount of their energy use and invest those savings back into their business.

A concrete example of how Montanans have been negatively impacted by the current premises definition is Rockcress Commons in Great Falls. Rockcress Commons is a multi-unit, low-income housing development built in 2019. The development includes eight buildings spread across two contiguous properties, with four buildings on each property. Each building has its own metered electrical service. The developers of the project intended to net meter solar PV installations on the roofs of the buildings. The original design is shown in Figure 1 below. This design shows a total of approximately 19.2 kW-AC (25.7 kW-DC) for the buildings located on Property A and approximately 41.8 kW-AC (55.8 kW-DC) for the buildings located on Property B. During the design phase, a new interpretation of net metering configurations was imposed by the utility and the Rockcress Commons developers were told they may only install one net metered system on one of the meters on each property. Figure 2 shows the final, altered design with approximately 9.2 kW-AC (12.5 kW-DC) on a single building on Property A and approximately 18.72 kW-AC (25 kW-DC) on a single building on Property B.
The solar capacity on the Rockcress Commons project was reduced by 54%, preventing approximately 33 kW-AC from being installed due to the interpretation of premises that was imposed by the utility.
This reduction in capacity caused a loss of approximately 39,000 kWh of annual electricity generation which would have resulted in a retail value of approx. $4,300 in annual energy savings\(^5\). Solar on low-income housing developments is a benefit for all stakeholders. It reduces the energy costs for the owners, which they pass on to their tenants. This results in lower cost of living expenses for those tenants.

The Lockwood School District is another example of how limiting the number of net metering systems on a property has negatively affected Montanans. The Lockwood Schools complex is a 60-acre plot of land and is home to several buildings, as seen in Figure 3. The complex includes the middle school and the newly constructed high school, which is shown as still under construction in Figure 3.

In 2018, a 25 kW solar array was installed and net metered on the Middle School. In 2019, the school district considered installing a 50 kW solar array on the new Career Technical Education Building, \(^5\) Based on a residential rate of approx. $0.11/kWh.
which is the southern-most building that is part of the new high school. The middle school and the high school are separately metered, though they are located on the same property and are both owned by the school district. The 50 kW array would have produced approximately 65,000 kWh of electricity per year, which would have saved the school district more than $5,000/year – or more than $300,000 over a 25-year lifetime⁶. However, this project was unable to come to fruition after being rejected by the utility on the basis of the “one system per premises” interpretation.

The Rockcress Commons low-income housing project and the Lockwood Schools project are poignant examples that demonstrate the impact that this unnecessary restriction is having on Montanans, and why MREA supports the Commission’s intent to allow net metering systems on any meter located on the property.

C. Aggregating System Capacities

MREA recommends against an unnecessary system capacity aggregation limit for net metering customers. If a system can safely connect to the grid, pursuant to the safety standards approved by the Commission and codified in ARM 38.5.84, then the statutory intent of allowing a customer-generator to offset part or all of their energy needs is best served by allowing that customer to use the full capacity allowed by statute. Imposing an aggregation limit not only goes against the intent of statute, it also causes complexity in numerous practical net metering installation configurations.

Any example in which multiple structures on a property are served by individual loads demonstrates how a system aggregation limit will needlessly restrict energy savings for Montanans. The two examples shown in Scenario B in the Appendix demonstrate this point, as discussed above. It is also important to keep in mind that there is no financial incentive to oversize systems because net metering credits are forfeited to the utility at the end of a 12-month cycle. In Scenario B – Example 2, the agricultural business has no financial incentive to spend significant additional resources to place a 50 kW net metered system on each of their meters because they will simply forfeit a large amount of credits to the utility with no financial gain after a significant up-front investment.

The Rockcress Commons and Lockwood School projects discussed in Section B both demonstrate not only the impact of a one system per premises restriction, but the impact that an aggregated net metering cap would have. Even if these developments were allowed to install net

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⁶ Based on a large commercial rate of $0.08/kWh.
metering system on each meter present, a restriction on the aggregate capacity of the net metering systems would make it difficult to achieve significant energy savings on these buildings.

Contiguous Tracts of Land and Property Boundaries

Contiguous tracts of land and property boundaries were one of the issues that arose in previous discussions. If the Commission imposes a system capacity aggregation limit, then the Commission must provide guidance on how contiguous tracts of land are addressed. If the definition that the Commission ultimately adopts conforms with statute to allow 50 kW per meter, such as in MREA’s suggested language, then these contiguous property issues are avoided.

If the Commission decides to impose an aggregation limit, property boundaries provide a simple way to guide that aggregation limit. For example, Scenario C – Example 1 in the Appendix shows a configuration of a school or commercial business whose buildings are located on contiguous properties. In this example, a single owner (a school) owns multiple buildings but they are located on separate but contiguous properties. The school district should be allowed to install 50 kW on each meter, but if limits are placed on this design because they are on contiguous properties then the school district would not be able to achieve its statutory right to offset “part or all of the customer-generator’s requirements for electricity.” Similarly, Scenario C – Example 2 shows an agricultural business whose meters are split across several properties. Again, this example shows how systems aggregation would restrict an otherwise practical installation configuration.

III. Reporting Requirements

MREA supports the reporting requirements that are being codified into ARM 38.5.8408. The additional information will be used by the Commission, stakeholders, and the general public to better understand small-scale distributed generation development in the state. MREA specifically supports that these reports are filed annually. Regular and frequent reporting will allow the Commission to identify issues as they arise and to act quickly to address those issues before they cause unnecessary harm, or conflict among stakeholders.

MREA suggests one change to this section of the proposed rule. Clarification is needed in Section 38.5.8408(12)(d) to help better understand the intent of the Commission’s request. That section begins, “the total amount of generation…”. This phrasing may imply that the Commission is requesting a utility to track total generation of a DER, including generation that was ultimately consumed behind-the-meter as well as exports. The utility should not be reaching behind the meter to track generation,
which presents serious privacy concerns. This language should be clarified to specifically request reporting on exports. Since utilities already track exports – to provide net metering bill credits – it should be relatively easy to include that same information in an annual report to the Commission. MREA suggests making the following changes to the proposed language for Section 38.5.8408(12)(d), noted using bold text: “the total amount of generation exported to the grid for the twelve-month period ending...”.

IV. Conclusion

MREA appreciates the Commissions attention to these interconnection issues and is grateful for the opportunity to provide comments. The definition of premises is important, and must be easily and commonly understood in order to avoid conflicting interpretations in the future. The proposed language from the Commission contradicts itself and does not provide enough guidance on several net metering system configurations that are likely to arise in the future. MREA’s proposed language addresses these concerns, and we ask the Commission to adopt this language, which is: “Premises means the area that is owned, operated, or leased by the customer-generator that is served by each metered electrical service. One net metering system with nameplate capacity that does not exceed 50 kW-AC is permitted per metered electrical service on a premises.” Further, MREA suggests adding “…exported to the grid…” to the proposed language for Section 38.5.8408(12)(d) regarding energy that is produced and consumed behind the meter.

This concludes MREA’s comments. Thank you.

Sincerely,

Andrew J. Valainis
Executive Director
Montana Renewable Energy Association
**Scenario A**
Single property,
Single structure,
Multiple metered loads,
Multiple property renters

Examples:
• Apartment buildings
• Commercial businesses

Example shown: Building A is one physical structure on one single property, but the operators/renters of those structures are different. This is the “bona fide renter” scenario. This also applies to commercial businesses sharing the same physical structure and property.

**Scenario B – Example 1**
Single property,
Multiple structures,
Multiple metered loads,
Single property owner

Examples:
• Residential dwellings (as shown)
• Agriculture
• Commercial businesses
• Schools

Example shown: Building A is the main house and Building B is a secondary dwelling on the same property.
Scenario B – Example 2
Single property,
Multiple structures,
Multiple metered loads,
Single property owner

Examples:
• Residential dwellings
• Agriculture (as shown)
• Commercial businesses
• Schools

Example shown: Building A is the main
house, Building B is a shop, and
Structures C and D are irrigation pumps.

Scenario C – Example 1
Multiple properties,
Multiple structure,
Multiple metered loads,
Single property owner

Examples:
• Schools (shown)
• Agriculture
• Commercial businesses

Example shown: Building A and Building
B are part of a school. These buildings
each have individual meters, and are on
individual properties, though they are
part of the same school and have a
common owner.
Scenario C – Example 2
Multiple properties,
Multiple structure,
Multiple metered loads,
Single property owner

Examples:
• Schools
• Agriculture (Shown)
• Commercial businesses

Example shown: Building A is the main house, Building B is a shop, and Structures C and D are irrigation pumps. This is similar to Scenario B – Example 2, except that the property boundary separates the structures.

Buildings/Structures – Blue
Meters – Red