

August 23, 2016

Hon. Travis Kavulla, President
National Association of Regulatory Utility Commissioners 1101 Vermont Ave., NW
Suite 200
Washington, D.C. 20005

Dear President Kavulla,

Thank you for putting time and energy into a process for distributed energy resource (DER) compensation and rate design, given the evolving nature of technology innovation on the electric grid. We also appreciate the ability for stakeholders to submit comments. We do have a concern that the process and timeline established for receiving and incorporating input from stakeholders on your NARUC draft rate design manual lacks adequate transparency needed to assure the public that the process is been fair, open, independent and comprehensive.

First, it is our understanding that you have not made the inputs you have received from stakeholders available for review by the public. We believe that publicly sharing the comments you have received in a timely manner will make the final product both more informed and a more credible source for state regulators. Perhaps a stakeholder group could host the documents on their website if cost or logistics prevent NARUC from doing so. Specifically, we ask that all comments received before or on September 2 be available for public review and would be happy to work with you on the logistics of responding to this request.

There are practical reasons for following some of the transparency rules that typically govern the kind of administrative proceedings with which NARUC members are familiar in this instance. The manual is intended to provide guidance on issues that are the subject of real and protracted controversy in many states. Ensuring that the guidance is perceived as having been developed in an objective and transparent manner will make it more useful for the very regulators who most need this kind of tool.

Further, because the subject matter is complex and relates to a market that is constantly changing in response to rapidly advancing technology, the ability for each interested party to see what others have submitted can ensure that inaccurate or outdated information is quickly identified or updated. Also, it will allow the public to identify issues that are relevant to appropriate service territories. The committee should, therefore, allow the public to not only review the comments submitted, but also to comment on those submissions in an open and transparent forum. Below is a possible schedule that would allow for this review to take place:

- Starting Sept 2, all previous and new comments posted on the web.
- September 16, deadline for stakeholders to respond to any of the submitted material.
- October 7, new draft manual circulated
- Oct 21, Comments on new draft submitted
- November 12, final manual released

Finally, because DER technology and markets are changing rapidly, we ask that the manual be explicitly characterized as a living document. Specifically, we urge that in adopting the manual NARUC also adopt a process for regular updates with stakeholder input to ensure that its recommendations remain sound, as states, utilities and DER providers innovate new products, new regulatory tools for quantifying values of DERs, and ways for consumers to exercise their choices in the marketplace.

The manual is intended to inform regulators who will determine how we will collectively invest to rebuild our electric system to serve American consumers for decades to come. All of the things consumers need and value in their electricity service – affordability, reliability, sustainability-- will be impacted by rate design. While our grid and the rates that govern it may be in flux for the foreseeable future, providing ongoing guidance for regulators who will play a critical role in shaping that future is a worthy and important endeavor. We understand there is a pressing time limitation for finalizing a manual this year, but urge you to balance that urgency with the need to create a product that will be as complete as possible and embraced by all major stakeholders.

Thank you again for the opportunity to participate in this process. We are excited to contribute and know that, given transparency and openness of process, the resulting regulatory policies will lead to a more reliable, affordable and sustainable grid. Your leadership and that of your regulatory colleagues working in concert with the stakeholder community can make that a reality.

Thank you for your consideration.

Jon Wellinghoff
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SolarCity

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VP, State Affairs
Solar Energy Industry Association (SEIA)

Rick Gilliam
Program Director, DG Regulatory Policy
Vote Solar

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