Recently, a number of states and forward-looking utilities have begun implementing community renewable power programs as a means of facilitating customer investment in renewable energy. This is particularly true in the Northeast. Although there have been a number of approaches taken, what these programs have in common is a desire to facilitate customer investment in specific renewable energy systems by providing power or economic benefits from that system to participating customers.

Interest in community solar appears, at least in part, to come from recognition that while current policies promoting onsite generation have found increasing success, many ratepayers are not able to host an onsite system. For example, renters and many occupants of multi-tenant residential and commercial buildings may lack necessary control of their premises to host an onsite PV system. Add to that the potential for onsite shading and structural concerns and it becomes clear that even an eager property owner may not be able to host an onsite PV system. In fact, a 2008 study of the National Renewable Energy Laboratory (NREL) found that only 22 to 27 percent of residential buildings would be suitable for hosting an onsite PV system.

The Interstate Renewable Energy Council (IREC) is a non-profit organization that has worked for nearly three decades to accelerate the sustainable utilization of renewable energy resources through the development of programs and policies that reduce barriers to renewable energy deployment. To realize this goal, IREC has participated in workshops, proceedings and rulemakings in more than 30 states during the past two years, addressing topics that directly impact the development of renewable energy resources, including net metering rules, interconnection standards, and third-party financing of renewable energy systems. IREC has also assembled model rules for interconnecting and net metering distributed generation that reflect "best practices" in these areas (i.e. those policies that have proven successful in facilitating growth in renewable distributed generation markets).

IREC sees community solar as a logical extension of net metering programs. IREC believes community solar policies, if well designed, can provide the right policy approach for creating additional opportunities for customers to support solar development. Community systems can also harness economies of scale that can lower the overall cost of participation in a community system.

In light of these benefits, IREC has set out to create model community solar rules. As we have done with net metering and interconnection, IREC's approach is to take the "best practices" from what has been implemented thus far and synthesize those components into a policy that is easy to understand and straight-forward to implement. Although our work is still underway, the following Community Renewable Power Concept Proposal addresses what we believe to be some of the most salient considerations.

***Please direct comments and questions about this Proposal to Joe Wiedman*:**
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Community Renewable Power Concept Proposal

- **Eligible Technologies**:
  - Biomass, solar energy, geothermal energy, wind energy, ocean energy, hydroelectric power, or hydrogen produced from any of these resources.
- **Maximum System Size**:
  - No maximum size limit.
  - Systems must interconnect to the distribution system.
  - Participants pay for interconnection costs.
- **Participating Customer Classes**:
  - All customer classes may participate.
  - Participants in a single community system may be from different customer classes.
- **Metering**:
  - Billing/revenue quality meter required at generation source.
  - Customers/Participants that do not host an onsite system may use existing meters..
- **Allocation of Benefits**:
  - A community system may serve onsite load at the point of generation.
  - Electricity that does not serve onsite load will be metered as it flows onto the local distribution system and allocated on a percentage basis as kilowatt-hour (kWh) bill credits to pre-identified participants via virtual net metering.
  - If less that 100% of generation is allocated to non-hosting participants during a given billing period, the bill credits associated with that account will rollover as bill credits on the hosting participant's retail electric account.
  - Any excess billing credits that cannot be used by a participant in a single billing period shall be rolled over on that participant's retail electric bill to the next billing period until all bill credits are used.
  - A utility may place all participants in a community project on the same retail billing period start and end dates so that credits from a single community system are easier to administer.
  - Changes in participant allocations may be made no more than once monthly.
  - All participants in a single community system must be within the same utility service territory as the community system is located.
- **Ownership and Financing of Community Systems**:
  - Individuals and groups of individuals may self-finance through direct payment, loan, lease, PPA or any other type of financing arrangement.
  - A utility may finance through either direct ownership or power purchase agreement (PPA) so long as it receives necessary approvals to own generation assets. All system purchase costs, O&M costs, reasonable return on investment, and other costs related to a utility-financed system must be recovered from participants enrolled to receive service from that system.

- **Regulation of Participating Customers**:
    - Customer(s) that arrange financing of a community system are not subject to regulation as either public utilities or competitive retail electric service providers.
- **Ownership of Renewable Energy Credits (RECs)**:
    - Person(s) financing a community system own all RECs associated with system generation absent a separate transaction for RECs.
- **Eligibility for Rebates and Incentives**:
    - State and utility rebates and incentives should be made available to customer-owned and customer-financed systems, including jointly-owned and jointly-financed systems, regardless of whether such systems are located on the premises of community system owners or participants.
    - Utility-financed systems where generation is purchased through a PPA are eligible for state and utility rebates and incentives so long as a system meets applicable eligibility requirements such as system size, generation type, warranty requirements, etc.
- **Tariffs Available to Participating Customers**:
    - Participating customers may choose any available retail tariff, including TOU tariffs.
        - *For participating customers who take service under tariffs that include demand-based charges*, a utility may not assess any additional fees to recover transmission and distribution costs.
        - *For participating customers who take service under tariffs that do not include demand charges*, where transmission and distribution costs are fully bundled into retail rates, a utility may assess an additional charge for each kilowatt-hour bill credit added to a customer bill; provided, however, that the amount of any charge may not exceed the approved kWh distribution charge component of the fully bundled retail rate; and provided further that no such charge shall be applied to participating customers located on the same distribution feeder as a community system.
        - *For participating customers who purchase generation from competitive retail providers*, the billing utility shall apply virtually net-metered bill credits to a bill prior to determining the kWh charges of a competitive provider.
    - Other than the charges discussed above, participating customers may not be assessed any additional charges or fees beyond those paid by customers who are not participating in a community renewable project.
    - A kilowatt-hour "adder" or credit in the amount of the approved kWh distribution charge component of the fully bundled retail rate shall be applied to systems where (i) all participating customers are located on the same distribution feeder as a community system; or (ii) a community system is located in an area that has been determined to provide avoided transmission and distribution cost benefits.