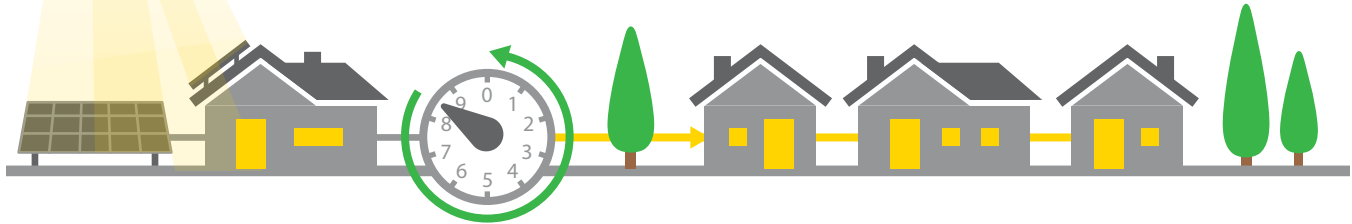


Distributed Solar Generation Policy & Rate Design Guiding Principles



As distributed solar generation (DSG) and energy efficiency applications continue to become more accessible and affordable, we are likely to see increased adoption of technologies that manage and reduce customers' use of electricity from the grid. Regulatory policies and electric rate design establish the critical framework for growth of DSG and related innovative "behind-the-meter" technologies. The following principles ensure fairness for all customers during this significant transition in our electricity infrastructure. Policymakers should consider only policies and electric rate design options that adhere to these principles.

1. Preserve Individual Customers' Rights to Self-Determination: Each customer can choose the amount of energy to purchase from the grid, the amount to self-produce and consume, and the amount to save through efficiency measures that reduce consumption.

2. Capture the Full Range of DSG Benefits and Values: Customer-sited solar generation offers many benefits to the electric utility system and, by extension, to non-solar customers. These values and benefits should be quantified, and solar customers should be adequately compensated for the value their solar energy is delivering to all customers.

3. Promote Policies and Rates Favorable to Next-Generation Distributed Technologies: Tariffs and policies should not inhibit the deployment of DSG, demand response, combined heat and power (e.g. fuel cells), storage or other innovative energy technologies that are currently available or will be available in the foreseeable future.

4. Insist Upon Non-Discriminatory Rate Practices and Policies: Utility rates should treat reductions in utility revenues due to net metered solar and other DSG in a manner that is fully comparable to reductions due to other consumer behaviors including energy efficiency and demand response. Any rate treatment that is not generally applied to all similarly situated customers must be cost-justified and seek to avoid unintended consequences.

5. Adhere to Due Process: A transparent and data-driven analysis, which allows stakeholder participation and ensures protection of due process rights, should be followed in order to optimize the chances for an outcome that is best for customers.

6. Ensure Rooftop Solar Benefits are Shared with Low-Income Customers: Within resource and grid planning processes, regulators should ensure that utilities effectively realize the present and future benefits that distributed solar provides, including freeing up distribution and transmission capacity and reducing the need for infrastructure upgrades. These cost savings must be shared equally among all customers, including low-income customers, through thoughtful rate design.

