

ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN INVESTIGATION)
OF POLICIES RELATED TO RENEWABLE)
DISTRIBUTED ELECTRIC GENERATION)

DOCKET NO. 16-028-U
ORDER NO. 1

ORDER

Order No. 1 issued today in Docket No. 16-027-R opens a proceeding to consider potential changes to the Commission's *Net Metering Rules* (NMRs) in light of Act 827 of 2015. Net metering involves customer-owned renewable distributed generation (renewable DG), primarily photovoltaic (PV) solar. In addition, the Commission recently approved a tariff supporting a 1 megawatt (MW) "community solar" facility in the territory of Ozark's Electric Cooperative Corporation (OECC). Docket No. 15-022-TF, Order No. 3. The Commission has also recently approved a twenty-year power purchase agreement by Entergy Arkansas, Inc., under which it will purchase the energy from an 81 MW Stuttgart Solar project built by a third-party.¹ Docket No. 15-014-U, Order No. 5. Finally, at least some proposals under the Commission's comprehensive energy efficiency programs have involved the provision of renewable distributed generation. *See*, Docket No. 07-082-TF, Southwestern Electric Power Company 2012 Program Year Draft Evaluation Report, April 8, 2013 at 58. On the basis of these developments and of significant and continuing changes in cost and technology associated with renewable DG, which will potentially expand the types and frequency of similar dockets, this order establishes a docket to more broadly collect information to

¹ While Stuttgart Solar involves a utility-scale facility rather than smaller distributed generation, its approval is evidence of changes in the cost of solar PV generally.

consider whether any change is warranted in the Commission's policies related to renewable DG, beyond those policy changes contemplated in Docket No. 16-027-R.

Nationally, federal research indicates that the cost for solar PV modules has declined from roughly \$4 per Watt ten years ago to less than \$1 per Watt and that non-module installation costs also have declined significantly.² Further, the federal government has an ongoing program to further improve technology and drive down cost.³ In addition, significant federal tax subsidies for renewable generation were recently extended for several years.

These ongoing trends and efforts may present opportunities and/or challenges for public utilities, their ratepayers, and the state as a whole. In order to explore these potential challenges and opportunities, the Commission therefore seeks answers to the following questions:

1. What are the potential benefits and challenges of renewable DG for utilities and ratepayers?
2. Are these benefits and/or challenges different in the case of utility-owned versus non-utility-owned DG?
3. Aside from the net-metering issues being considered in Docket No. 16-027-R, are there policies that the Commission should examine or adopt related to renewable DG?
4. If so, what statutory authorities are relevant to the consideration of renewable DG?

² *Tracking the Sun VIII: The Installed Price of Residential and Non-Residential Photovoltaic Systems in the United States*, Lawrence Berkeley National Laboratory, August 2015, Report Summary at 14.

³ *Id.* at 15; see also, the US Department of Energy SunShot Initiative, which has a stated goal of bringing total installed costs for utility-scale PV systems to \$1 per Watt or \$0.06 per kWh, without incentives, by 2020.

Parties to this Docket that also are Parties to Docket No. 16-027-R may reference their testimony or comments in that Docket if necessary in order to avoid duplication. By this Order, jurisdictional electric public utilities are made parties to this docket. The Commission therefore establishes the following procedural schedule to begin consideration of the topics and issues identified here:

1. Petitions to Intervene shall be filed by noon no later than June 15, 2016.
2. Simultaneous Initial testimony/comments may be filed by any party no later than noon, on August 26, 2016.
3. Simultaneous Reply testimony/comments may be filed by any party no later than noon, on September 23, 2016.
4. Further procedural filings, and if necessary, the setting of a technical conference, will be addressed by subsequent order.

BY ORDER OF THE COMMISSION,

This 29th day of April, 2016.

I hereby certify that this order, issued by the Arkansas Public Service Commission, has been served on all parties of record on this date by the following method:

- U.S. mail with postage prepaid using the mailing address of each party as indicated in the official docket file, or
- Electronic mail using the email address of each party as indicated in the official docket file.

Ted J. Thomas, Chairman

Elana C. Wills, Commissioner

Lamar B. Davis, Commissioner

(acting?)
Michael Sappington, Secretary of the Commission