**Testimony of David Schatz, SolarCity**
**Connecticut Joint Committee on Energy and Technology**
**March 10, 2016**

Chairmen Doyle and Reed, and Members of the Committee, my name is David Schatz and I work as Deputy Director of Policy and Electricity Markets for SolarCity, the nation's leading provider of solar power for homeowners and businesses. I'm here today to testify in support of Bill No. 394, regarding the expansion of virtual net metering for stranded towns.

To start, I think it's important to briefly highlight the circumstances of how we got here. Last year a number of municipalities worked with clean energy developers to build projects on otherwise unusable land. These projects would utilize virtual net metering to bring the benefits of clean energy to municipal facilities. The projects were developed in good faith with a considerable amount of money and effort spent by municipalities to make them shovel-ready. Typical projects, like ours, had been through a lengthy RFP process, executed an energy contract between developers and municipalities, received approval for ZRECs from utilities, received approval on interconnection applications from utilities, and submitted VNEM applications and impact studies to the utilities. I want to be sure to emphasize the tremendous efforts required, by both developers and towns, to get projects past these milestones.

Unfortunately, as construction was about to begin, a portion of the projects were informed by the utilities that they would not be eligible for virtual net metering because the allotment of credits for municipalities had reached a cap. Up until that point the utilities had provided no prior notice, data nor transparency that the virtual net metering program was about to be exhausted, and it left these projects "stranded" due to the fact that eliminating net metering ruins project economics.

This lack of transparency is unfortunately not a problem unique to Connecticut. A recent study from EQ Research found that weak net metering reporting requirements across the country are needlessly creating murky market conditions for distributed solar.[1] But it doesn't need to be this way. One of the few bright spots in this area is right across the border in Massachusetts, where one can easily Google how much net metering capacity is available for each participating utility.

More importantly, however, this cap is unfairly penalizing municipalities and their residents for attempting to utilize a program meant to reduce their energy costs, support local jobs, and attain the benefits of virtual net metering. Similar to on-site net metering, virtual net metering provides several benefits to the grid, including avoided investments in new capacity, increased reliability, and offsets to expensive peak demand power. From a municipality's standpoint, one of the greatest attributes of virtual net metering is the ability to site projects on otherwise unusable land and accordingly use it to provide savings to customers – police stations, fire departments, schools, etc. – that might not have a viable on-site option.

SolarCity strongly supports the intent of this bill. But, we believe that the language that requires that all permitting be obtained is restrictive and will continue to prevent most stranded towns from accessing the VNEM program. The stranded town projects are at varying points in the permitting process, and that process is not an appropriate measure of the development timeline. Furthermore, in most cases,

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[1] Study cited is *The Great Guessing Game: How Much Net Metering Capacity is Left* (2015), by Justin Barnes and Rusty Haynes of EQ Research.

permitting projects of these sizes requires significant investment. In light of the uncertainty of the VNEM program, most developers would hold off pursuing permits until the utilities approve the final studies.

We would recommend that stranded town projects qualify if they have a VNEM application submitted, a ZREC contract, and an executed contract with a municipal offtaker. We believe those three qualifications are a proper checklist for a viable VNEM project.

Ideally, all towns would be able to take advantage of virtual net metering. It's worth pointing out that Connecticut is the only state that has separate rules and regulations for its regular net metering program vs. that of its virtual net metering program. More clarity on that front would increase business certainty for all distributed generation providers in the state. But under the current program, these "stranded town" projects deserve to be accepted as they were developed in good faith without any indication that they would have no runway to participate in virtual net metering.

On behalf of SolarCity, I urge you to allow for these projects to be eligible for virtual net metering. Thank you, and I look forward to your questions.