



# Advocacy Update: DC MEDSIS

Microgrid Workshop

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# DC MEDSIS Drivers & Context

- Resilience
  - All resilience is local and DC has had its share of emergencies
  - Root of MRC Definition: “rapidly recover the functioning of critical infrastructure to sustain essential services for communities...”
- Climate
  - “Clean Energy D.C. Omnibus Act of 2018,” a bold climate bill that includes a commitment to achieve 100 percent renewable electricity supply across the district by 2032
- Smart Grid
  - Microgrids as the advanced, dispatchable and local DER backbone that, with utility DERMs / controls, enables high DER deployments needed to meet climate and renewable energy targets.
- Context: Deregulated, unbundled, with decoupling coming ...

# Development and Regulatory Models

- Microgrid specific working group; stakeholder learning curve
- Focus on existing and emerging development models and local regulation (PJM access given)
- MRC supported models: 1) Single Customer Microgrids; (2) Third Party Campus Single Customer Microgrids; (3) Third Party Campus Multi-Customer Microgrids; and (4) Hybrid Multi-Customer Microgrids.
- Debate around Multi-Customer Microgrids

# Resilience - a “Public Purpose” for All

- MRC opposed the “public purpose” related microgrid classifications.
- There is general confusion over the “public purpose” concept as a proxy for rebundling (in deregulated jurisdictions) and ratebasing.
- MRC proposed that any microgrid including one or more critical facility loads that provide essential community services on its islanding list be classified as “Public Purpose” and receive a “Resilient Community Services Payment” from the Sustainability Energy Trust Fund Program.
- A straight-forward “where the rubber hits the road” mechanism to address resiliency value at the local level.

# Distribution Support Service Agreements (DSSA) – Microgrid Services for All

- Ratepayers and consumer advocates want the smart grid service benefits of dispatchable microgrids without the cap ex hitting ratebase.
- Utilities want the local resources to manage in conducting the DER concert to deliver on the “smart grid” under platform / conductor business models.
- Microgrids want additional credit worthy oftakers to help with project financing and better community integration.
- DSSAs provide the distributional utility the ability to dispatch microgrids in support of distribution system operations (blue and black sky).
  - Locally customized services, NWAs
  - Utilities should be able to earn on building DSSA stacks
  - DSSA reinforce the need for DERMs and other ratebased controls

# Microgrid Operators / Managers

- MRC has been supporting the concept of a microgrid operator / manager for multi-customer microgrids.
- A combination of certain traditional asset manager, energy manager, and more recent retail aggregator / consolidator roles.
- A microgrid operator / manager would, among other things: (1) arrange for the operations and maintenance services provider; (2) coordinate operations and offtake of onsite DER; (3) coordinate the operations of the (customer owned or utility-owned in a hybrid classification) microgrid distribution system; (4) arrange for microgrid metering configurations; (5) retain an Electricity Supplier for imports as well as to manage the billing of microgrid users (customers and their tenants) for both imported and onsite DER supply; and (6) retain a Curtailment Service Provider or another type of PJM market integrator / power marketer.

# Microgrid Operators / Managers

- MRC believes the microgrid operator / manager may also itself be a retail electricity supplier.
- MRC believes the microgrid operator / manager may also serve as “the customer for the microgrid” and utility account holder under the recommended customer microgrid tariff.
- All multi-customer microgrids should be required to appoint a microgrid operator / manager.
- MRC supports a “light touch” regulatory framework for multi-customer microgrids that addresses safety, quality of service, and consumer protection, but stops short of the rate regulation that would effectively stymie development and finance in the District.
  - Light touch = retail electricity supplier regulation with microgrid specific disclosures and related exemptions

# Microgrid Regulation: Distribution & Sale

- Confusion over how existing regulations and market works ...
    - Landlord / tenant pass-through and sub metering; tenant customer status
    - Ownership is often collective
    - “Single Customer” often has multiple end-users
  - Multi-customer microgrids and issues over self-distribution:
    - Enabling a property to self-supply and island “...effectively destroys the Pepco monopoly...” if they are distributing to multiple customers...
- vs.
- Self distribution within private properties is traditionally allowed; owner(s) holding title to a microgrid’s distribution system BTM is normal and adding islanding capability as well as serving tenants should not change such rights or invoke utility status.



# Microgrid Regulation: Distribution & Sale

- With the exception of hybrid microgrid classifications, the customers / entities receiving electric services within a microgrid, either own the microgrid's distribution system or are a tenant of such owners (who are allowed under DC Code to serve electricity to the tenants of their buildings, and such tenants excluded from the definition of "Customer" under the Code) and are self-distributing.
- No existing rate regulation for sale of onsite DER power or imported commodity power by retail Electricity Suppliers. Should not change due to islanding capability. Not impacted by third-party DER ownership.
- Important to use microgrids as service providers that support Pepco's natural monopoly of conducting distribution system operations (e.g. DSSAs).

# Microgrid Regulation: Consumer Protection

- Multi-customer microgrid focused
- Microgrid operator / manager would either be, or retain, an licensed Electricity Supplier that is under DCPSC oversight to provide imported supply, sale and billing services to microgrid customers (in connection with onsite DER and imported power).
- A private contract between such Electricity Supplier and microgrid customers with additional required microgrid-specific consumer protection disclosures is sufficient to cover customer rights, responsibilities, and protections related to the microgrid's onsite DER system and imported power.
- Additional microgrid-specific consumer protection disclosures = islanding and associated retail rate variation

# Microgrid Regulation: Consumer Protection

- Overall, the customer protection requirements (with microgrid-specific disclosure additions) that apply to Electricity Suppliers serving District customers will also apply to microgrid customers.
- Being able to island should not dramatically change regulatory treatment
- MRC supports the safe harboring of such private contracts from advanced DCPSC review, with such review arising in connection with a dispute over breach of such disclosure requirements.
- Microgrid owners and tenants need to know how microgrid benefits work before buying / moving in.

# Microgrid Regulation: Retail Choice

- With advance disclosure, owners (not tenants) can agreed to delegate the choice of retail Electricity Supplier to the microgrid's operator / manager.
- Allowed under current law – owners may by contract select an exclusive agent / microgrid operator and an exclusive retail Electricity Supplier. No advanced rate review required under current law.
- No consumer protection rationale to subject multi-customer microgrids to rate regulation.
- Again, stakeholder confusion over current frameworks ...

# Microgrid Regulation: Reliability Quality of Service Standards

- Based on retail Electricity Supplier QSSA; no existing reliability QSSA requirements
- A microgrid operator / manager, if also an Electricity Supplier, or its retained Electricity Supplier, should be held to parallel QSSs for Electricity Suppliers (with microgrid specific disclosure additions and modifications), not those of Electric Companies, and that customers within a microgrid will be afforded the same protections from the Commission as those offered to other District electricity customers, with a few microgrid-specific additions.
- Again, QSS frameworks does not apply to onsite DER (including third-party owned)

# Microgrid Regulation: Reliability Quality of Service Standards

- Example: a microgrid customer's place on the critical load / islanding list. For instance, disclosure that your elevators, garage, HVAC, ground floor grocery, and local fire station may stay powered in the island, however your unit's outlets would not be included, and that the microgrid's customers with high power reliability needs, like the grocery store, might pay more for service to have their load fully included in the island.
- These dynamics already happen regularly, independent of the microgrid context, and such treatment does not in and of itself create new "rate classes" as it is well within the commercial contracting authority of such private parties and not the subject of an open access, publicly available tariff.

# Microgrid Regulation: RPS Application

- The Electricity Supplier (or in the alternative PEPCO) retained by a microgrid for imported power should comply with the RPS in connection with the imported power it provides.
- The microgrid itself (including its microgrid operator / manager) should not be required to procure and submit Renewable Energy Certificates to DCPSC to demonstrate compliance with RPS targets for load met by onsite DER provided power.
- Overall, the RPS compliance was designed and scaled for Electric Companies and Electricity Suppliers serving large portfolios of load with imports. Designed to encourage onsite distributed generation in addition to utility scale.
- RPS tier qualifying onsite generation within a microgrid should continue to be allowed to originate RECs (of various types) under the RPS.

# Microgrid Regulation: PBF & CPCN / Construction Applications

- PBF should support resiliency via “Resilient Community Services Payments”
  - No change in surcharges for imported power.
- Normal construction codes.
- CPCN is about approving socialization of benefits.
  - For microgrid it should be done via DSSAs and Resilient Community Services Payments.
  - Microgrid exemptions to CPCN requirements should be developed in the absence of ratepayers being obligated to cover microgrid construction capital expenditures (i.e. in the absence of a hybrid microgrid).



# Microgrid Regulation: PBF, Construction & CPCN

- PBF should support resiliency via “Resilient Community Services Payments”
  - No change in surcharges for imported power.
- Normal construction and safety codes, at the appropriate scale.
- CPCN is about approving socialization of benefits.
  - For microgrid it should be done via DSSAs and Resilient Community Services Payments.
  - Microgrid exemptions to CPCN requirements should be developed in the absence of ratepayers being obligated to cover microgrid construction capital expenditures (i.e. in the absence of a hybrid microgrid).

# Microgrid Regulation: Interconnection

- Interconnection standards for a microgrid's distributed generation and energy storage should be “adjusted for the range of controllable exports and imports.”
- Factor in range of dispatchable grid services to local utility under DSSAs and PJM.
- Be an enabler, not a barrier to microgrid development.

# Microgrid Regulation: Microgrid Tariff

- Overall, MRC supports the creation of a microgrid tariff to govern services and functions that microgrids may provide to, and receive from, the local distributional utility.
- A microgrid tariff should:
  - Enabling DSSAs, including those related to dispatchable export, islanding, and demand reduction services.
  - Avoid any restrictions on microgrids providing wholesale products and services to PJM.
  - Beyond MRC support for the contractual disclosure in support of consumer protection, MRC opposes any microgrid tariff that governs rates, services, and functions that microgrids may provide to their customers as being too prescriptive and a recipe for effectively blocking third-party microgrid development and finance.

# Questions?

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