



N A R U C

National Association of Regulatory Utility Commissioners

September 2, 2016

Jon Wellingshoff
Chief Policy Officer
SolarCity

Sean Gallagher
VP, State Affairs
Solar Energy Industry Association (SEIA)

Rick Gilliam
Program Director, DG Regulatory Policy
Vote Solar

Tom Starrs
VP, Market Strategy and Policy
SunPower

Dear Messrs. Wellingshoff, Gallagher, Gilliam, and Starrs:

Thank you for your letter dated August 24, 2016, regarding your concerns with the process and timeline established for receiving and incorporating input from stakeholders on our draft *Manual on Distributed Energy Resources (DER) Compensation*.

NARUC's Staff Subcommittee on Rate Design has been designated to write this manual, and has operated with a great measure of independence in its drafting process and internal deliberations. I have confidence in the credibility of the manual because it will rest on the integrity of those State experts – from a diverse range of States – all charged with serving to protect the public interest. None of the authors have any financial motive to influence the outcome. They are interested solely in outcomes that best serve the public interest.

I have consulted with the subcommittee's chairman about whether the timeline you have identified would improve or detract from the final product. In light of that consultation, it is my view that giving the subcommittee such a short period of time to revise and edit the manual in response to stakeholder submissions would likely undermine the very purpose for which additional process might otherwise be useful: to improve the quality of the product that is, after all, the result of this process.

This is the first NARUC manual to take stakeholder submissions as the organization has done here. I am confident that two rounds of comments provide a sufficient basis for the purposes of what the subcommittee has undertaken. The observation about the manual being a living document is well-taken. I believe the manual already states clearly the principle that any undertaking in rate design should be dependent on the circumstances to which theory can be applied and, without which, theory is useless. I am cognizant that this is not the definitive word on the issue—it could hardly be, since it ultimately will be up to NARUC's member commissions to decide for themselves, in proceedings where parties' rights are actually at stake

and after a full complement of legal due process, what approach to take to these difficult issues. Additionally, as you suggest, I believe it is reasonable to expect the manual to be periodically updated, and I have asked the staff subcommittee to keep this under consideration when planning their workload.

Finally, you make an additional request that the stakeholder submissions be disclosed. While I do not believe a period of rebuttal comments is necessary for the usefulness of the process in preparing the manual, I do agree that in the interest of transparency itself they should be disclosed. I have asked that NARUC staff and the subcommittee disclose these inputs following the publication of the manual.

I am pleased that you and so many others have provided valuable input into this draft. I know the drafters of this manual look forward to receiving your comments on this draft and on future updates.

Thank you for your interest in the manual and in the process.

Sincerely,

Travis Kavulla

PRESIDENT

National Association of Regulatory Utility
Commissioners

VICE CHAIRMAN

Montana Public Service Commission