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September 2, 2016

Commissioner Travis Kavulla, President  
National Association of Regulatory Utility Commissioners  
1101 Vermont Ave NW #200, Washington, D.C. 20005

RE: Draft NARUC Distributed Energy Resources Compensation Manual

Dear President Kavulla:

Fresh Energy and the Minnesota Center for Environmental Advocacy (“MCEA”) appreciate the opportunity to comment on the draft of the NARUC Distributed Energy Resources Compensation Manual prepared by the Staff Subcommittee on Rate Design.

Fresh Energy and MCEA would like to recognize the thorough and thoughtful work done by the Staff Subcommittee in preparing this draft manual. The subject of DER compensation is incredibly complex as it includes multiple technologies providing different services and it touches on almost every aspect of the electricity sector, and the draft manual does an admirable job dealing with this complexity. We think that with additions and feedback from stakeholders this manual will be an incredibly valuable resource for regulators as a jumping-off point for addressing DER compensation in their unique jurisdictions.

Fresh Energy and MCEA were among the more than 30 public interest organizations and former public utility commissioners that submitted a joint letter to NARUC on June 23, 2016 recommending regulatory process best practices for states to use when considering rate design. We believe these recommendations (listed below) are similarly applicable to regulatory processes concerning DER compensation and recommend that they be incorporated into the manual.

- Assessment and analysis of state conditions and sound data when determining the need and pace for rate-design change;
- Collaborative, upfront, open, docketed processes that explore the range of rate-design options in advance of or in lieu of rate cases;
- Data-driven rate-design inquiries;
- Pilots and testing for novel or untested rate designs prior to wide-scale adoption;
- Consideration and accommodation for low-income and vulnerable customers in rate design; and
- Sufficient opportunity to educate customers on new/shifting rate designs well in advance of their implementation, and the development of tools to do so.

In addition, we urge the subcommittee to consider the recommendations by other public interest stakeholders that suggest opportunities to make the manual more comprehensive with regards to different types of DERs, transparent regarding any assumptions and inclusive of the most recent data/analysis. For example, we support the recommendations made by the Regulatory Assistance Project, submitted in its August 16, 2016 letter. We think considering these types of recommendations, and adopting them as appropriate, will lead to a more comprehensive manual that is ultimately more valuable for regulators.

Sincerely,

Allen Gleckner  
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Director, Energy Markets

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Minnesota Center for Environmental Advocacy  
Staff Attorney