



SOLAR POWER IN VIRGINIA: KNOW YOUR RIGHTS

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INTRODUCTION

Across the South, people are increasingly turning to homegrown, affordable solar power to meet their energy needs. Everyone should have access to this abundant resource, which will help create stronger, cleaner, and healthier communities. But here in Virginia, the right to go solar is coming under attack, as some utilities feel threatened by solar's emergence as a viable, competitive choice for their customers. It is important that solar customers understand their rights.

BACKGROUND

In 2015, the Virginia General Assembly passed legislation declaring it in the public interest for our utilities to build up to 500 megawatts of solar generation by 2020, enough to power at least 82,000 homes. Dominion Virginia Power has announced plans to build 400 megawatts of solar over the next five years. These are necessary first steps, but Virginia still lags far behind our neighbors like North Carolina, which has already installed over 1500 megawatts of solar—*three times Virginia's pledge*.

Opening the solar market to private sector competition and larger amounts of customer-owned generation is a cost-effective approach to accelerate solar development in a way that builds on Virginians' preference for competitive, market-based solutions. Solar energy can keep power bills low both for homeowners and businesses who install solar systems and for customers who don't. Private investment in solar benefits all of us by reducing strain on the distribution and transmission grids and avoiding or delaying the need for costly new power plants. All Virginians should be able to benefit from clean energy, regardless of their income, where they live, or whether they own their own home. The Virginia General Assembly and Governor McAuliffe should defend solar rights by:

- 1) **Protecting your right to control our own energy use:** Each person should have the right to choose how much energy to purchase from his or her utility, how much to self-produce using solar, and how much to save using measures that reduce consumption on the grid. Virginia law [Va. Code § 56-594 B] explicitly allows customers interested in solar to enter into a Power Purchase Agreement (PPA) with a third-party company that would own and operate the solar generating facility for the customer. But Dominion and Appalachian Power have both tried various measures to block these independent, private contracts. Virginia's leaders need to put a stop to these anti-competitive tactics from the utilities and open the solar market to more private-sector competition.
- 2) **Protecting your right to fair rate treatment:** Each person has the right to be protected from unfair charges when they go solar. Utilities should not be allowed to penalize customers for choosing to buy less power and instead deciding to invest in solar and energy saving technologies. And yet, both Dominion and Appalachian Power have pushed punitive "standby" charges on solar customers. These charges are anti-competitive and fail to credit solar-generating customers with the benefits they are providing to the grid.
- 3) **Protecting your right to fair compensation:** When a solar system produces more power than the customer can consume on-site, utilities should be required to fully compensate that customer for the solar generation that the customer sends to the grid. Virginia law limits net metering to solar systems small enough not to "exceed the expected annual energy consumption" of the customer-generator. This language threatens to punish solar customers who generate more electricity than they use. Dominion and Appalachian Power already re-sell that solar power to other, non-solar customers at full retail rates. But Virginia's law does not require them to credit solar generators for 100% of that value, ignoring the full benefits that solar provides to the grid.

In spite of the public benefits of solar power, Virginia utilities have opposed private investments in solar and even imposed new barriers. This trend is not unique to Virginia, but it is based on misplaced assumptions about the effect of distributed solar generation on other ratepayers. Studies analyzing the value of solar show that when residents and businesses take advantage of solar energy options, all customers save money. This is due to benefits that include:

- (1) The transmission "line loss" savings that come from producing power closer to where it will be used;
- (2) The ability of customer-built solar systems to offset some of a utility's wholesale energy purchase needs, at times of the day that are typically higher-cost; and
- (3) The fuel price savings due to the zero cost of fuel for solar generation.

While utilities seek to limit customer-owned solar to protect their state-regulated monopolies, ratepayers and the general public are best served by an open market that encourages solar investment.

RECOMMENDATIONS

The Virginia General Assembly should support measures that clear the way for innovative solar companies to compete fairly and lower the cost of electricity for us all. These measures include:

- 1) Stopping power companies from attempts to block private, third-party financing of electricity generated by solar or wind energy through Power Purchase Agreements (PPAs) or solar leases;
- 2) Eliminating standby charges, project size caps, and other barriers to customer-sited generation; and
- 3) Permitting customers to share the benefits of solar energy through community solar projects (see separate white paper on net metering for details), and protecting 1:1 net metering credits, so solar customers receive fair value for all of the solar energy they provide to their power company.