



## **Rate Design Guiding Principles for Solar Distributed Generation**

As distributed generation (DG) solar energy systems continue to become more accessible and affordable, increased adoption of these grid-energy reducing technologies is likely. SEIA proposes the following principles as a foundation for designing rates that properly value and enable a high penetration of DG, while recognizing the interests of utility shareholders and non-generating customers in a system with just and reasonable rates. Overall, SEIA asserts that these principles are consistent with the imperative of public utility commissions and energy service providers to maintain reliable, cost-effective service to all customers while protecting the right of customers to generate their own energy in a manner that provides many public benefits including environmental protection and economic development.

1. Rate design should seek to send clear price signals to customers that encourage sustainable, cost-effective investments in solar and complementary technologies.
2. Rate designs should not create barriers to the deployment of distributed solar generation or DER technologies other than solar.
3. Rate designs that provide greater incentives for DER technology deployment (e.g. more steeply inverted block rates) can be considered to encourage early adoption of efficiency, distributed generation and storage technologies.
4. Rate designs that emphasize temporal cost-causation (time-varying, critical peak pricing and critical peak rebates) are generally consistent with solar deployment and may be quite beneficial to customer and system alike when solar is integrated with DERs like storage or demand response.
5. Rate designs that emphasize higher fixed (e.g. customer, service and facility or basic service) charges than necessary for recovery of strictly customer-related costs like service drop, billing, and metering, or quasi-fixed (e.g. mandatory residential demand) charges do not reflect cost causation, disproportionately impact low- and moderate-income customers, and should be discouraged.
6. Regulatory review of rate design alternatives should consider impacts on low-income customers; e.g. utility fixed or quasi-fixed charge proposals usually put solar and efficiency technologies further out of reach of LMI customers.

7. Any consideration of standby, backup or other supplemental charges for solar customers must (1) be consistent with PURPA requirements, (2) be based upon a customer's ability to control self-generation similar to a conventional fossil resource (e.g. diesel or natural gas), and (3) reflect the probability of customer generation unavailability in the development of any rates.

## **ABOUT SEIA**

Established in 1974, the Solar Energy Industries Association is the national trade association of the U.S. solar energy industry. Through advocacy and education, SEIA is working to build a strong solar industry to power America. As the voice of the industry, SEIA works with its 1,200 member companies to make solar a mainstream and significant energy source by expanding markets, removing market barriers strengthening the industry and educating the public on the benefits of solar energy. As the national trade association for the solar industry, SEIA will continue to advocate equally for all forms of solar energy including residential, commercial and central-station solar generation as well as solar heating and cooling applications. [www.seia.org](http://www.seia.org)