VALUE OF SOLAR
TARIFF PILOT DESIGN ELEMENTS
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What is a value of solar tariff?
A “value of solar tariff” operates like a net metering tariff in providing customers with a monthly bill credit for the act of generating electricity from a private solar PV system. Unlike traditional net metering, however, the value of the solar generation credit is calculated based on the levelized present value of the sum of the lifecycle costs and benefits of energy produced by the solar PV system, instead of a credit based on the customer’s otherwise applicable tariffed rate for consumption (i.e. “retail rate”). The value of solar tariff is therefore a two-part tariff that charges the customer for gross consumption based on the retail rate and credits the customer for all solar generation at the calculated value of solar rate.

Benefits of the Value of Solar Tariff:

- Reduces or eliminates customer class subsidies
- Keeps the utility whole on cost of service (some utility upside due to conservative calculation approach)
- Price signal for solar PV where it is most valuable
- Incentive for efficiency
- Annual adjustment prevents over- or under- payment as utility costs change
- Better aligns with sound rate making principles
- Reduces simple payback on solar investments

Figure 1. Value of Solar Study Results Example

Source: Figure ES-1, Maine Distributed Solar Valuation Study. Maine Public Utilities Commission. April 2015.
Key Design Elements

- A value of solar tariff is a credit compensation rate. It is a credit for the customer producing energy that has a single calculated value for the life of the solar generating equipment. Because it does not involve a sale of solar electricity, it is like net metering and preserves certain tax benefits for customers. The term “sale” does not apply to the value of solar tariff and should not be used.

<table>
<thead>
<tr>
<th>Comparison of Net Energy Bill vs. Value of Solar Tariff Bill</th>
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<tbody>
<tr>
<td>[ \text{Net Energy Bill} = ( GC \times Rate_R ) - ( GP \times Rate_R ) ]</td>
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<tr>
<td>[ = ( GC - GP ) \times Rate_R ]</td>
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<tr>
<td>[ \text{Value of Solar Tariff Bill} = ( GC \times Rate_R ) - ( GP \times Rate_{VOS} ) ]</td>
</tr>
</tbody>
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*where:  
\( GC \) = Gross Consumption (kWh)  
\( GP \) = Gross Production (kWh)  
\( Rate_R \) = Retail Rate ($/kWh)  
\( Rate_{VOS} \) = Value of Solar ($/kWh)*

*Note: In some areas, \( Rate_R \) differs for offset and excess production

- The value of solar tariff does not involve a sale, and therefore, the tariff should not include a mandatory transfer of renewable energy credits/certificates (RECs). A REC assignment agreement may be required in association with incentives paid above and beyond the value of solar credit.

- A value of solar tariff can be either optional to the utility—that is, a tariff that the utility may or may not choose to develop and offer—or it may be optional to the customer—that is, a tariff that the utility must offer and that a solar customer may or may not choose.

Sample language:

*A public utility may apply for commission approval for an alternative tariff that . . .

or,

*A public utility must apply for commission approval for an optional tariff that a customer may choose that . . .

- A value of solar tariff can apply to residential customers, small commercial customers, community/shared solar customers, and/or virtual net metering customers.

- A value of solar tariff should be designed as a kind of net metering tariff. That is, the tariff compensates customers through an on-bill credit mechanism, is for interconnected systems, and is operated by customers primarily seeking to meet their own energy needs.

Sample language:
The tariff shall compensate customers through a bill credit mechanism for operating distributed solar photovoltaic resources interconnected to the utility system, and operated by customers primarily for meeting their own energy needs.¹

- Several tariff requirements should be spelled out in legislation.

*Sample language:*

The Commission shall approve a proposed tariff if it:

1. appropriately applies the methodology established by [agency establishing methodology] and approved by the commission under this subdivision;
2. includes a mechanism to allow recovery of the cost to serve customers receiving the alternative tariff rate;
3. charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;
4. credits the customer for all electricity generated by the solar photovoltaic device at the distributed solar value rate established under this subdivision;
5. applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;
6. complies with the size limits [if appropriate]; and
7. complies with the interconnection requirements under [cite applicable law].²

- The value of solar tariff should address whether the customer or the utility bears the obligation of paying for any additional meters.
- The process for establishing the methodology for calculating the value of solar should be expressly stated. An energy office or other expert agency should establish the methodology using a stakeholder process, operating against deadlines. The methodology should be submitted to the Public Service/Utility Commission for approval. Tariffs designed under the program should also be submitted to the PSC/PUC for approval.³

*Sample language:*

The [energy office] must establish the distributed solar value methodology, no later than [date]. The [energy office] must submit the methodology to the [PSC/PUC] for approval. The commission must approve, modify with the consent of the [energy office], or disapprove the methodology

¹ Language excerpted from Minn. Stat. § 216B.164
² Language excerpted from Minn. Stat. § 216B.164
³ See our complementary document “Value of Solar Study Design Elements”.
within 60 days of its submission. When developing the distributed solar value methodology, the [energy office] shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.  

- The methodology used to set the value of solar is critical. The entity responsible for establishing the methodology must be **required** to establish values in certain key categories of avoided costs, and should be **allowed** to establish values for other categories.

  **Sample language:**

  > The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors. The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components over the useful life of a distributed solar system.

- The methodology must assess both benefits and costs of solar. These can be netted in categories or separately reported.

- The methodology must require that costs and benefits be appropriately scoped.
  - Costs and benefits to the utility, other customers, and society must be included in the analysis including costs incurred by the utility, such as the cost of additional meters, administrative and billing costs, and other integration costs.
  - Purchase and installation costs that the solar customer bears separately should not be included.

  **Sample language:**

  > The value of solar tariff compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources.

- The value of solar should be updated annually. The value of solar credit rate for newly installed PV systems should be the currently applicable value of solar for that year. The credit value provided to customers may be reset annually as the value of solar is updated, fixed for a term (such as 5 years), or fixed for a longer term (such as 20 years). A shorter term, such as 1 to 5 years, will reduce the risk of value of solar credits that deviate markedly from current market realities.

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4 Language excerpted from Minn. Stat. § 216B.164
5 Language excerpted from Minn. Stat. § 216B.164
Value of Solar Study Design Elements

Additional Design Features

- A pilot/demonstration value of solar tariff could also be structured to explore issues such as:
  - Load shaping functions to address high penetration scenarios,
  - Optional term lengths,
  - Application of valuation techniques to hybrid distributed energy resource packages (e.g. solar plus electric vehicles, solar plus demand response, etc.), and
  - Low and moderate income program enhancements.

Additional Resources

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The Value of Solar Tariff: Net Metering 2.0
The ICER Chronicle, Ed. 1, p. 46 | International Confederation of Energy Regulators | December 2013

A Regulator’s Guidebook: Calculating the Benefits and Costs of Distributed Solar Generation

Maine Value of Solar Study
Maine Public Utilities Commission | March 2015
EXAMPLE LEGISLATION

2014 Minnesota Statutes
216B.164 COGENERATION AND SMALL POWER PRODUCTION.

Subd. 10. Alternative tariff; compensation for resource value.

(a) A public utility may apply for commission approval for an alternative tariff that compensates customers through a bill credit mechanism for the value to the utility, its customers, and society for operating distributed solar photovoltaic resources interconnected to the utility system and operated by customers primarily for meeting their own energy needs.

(b) If approved, the alternative tariff shall apply to customers’ interconnections occurring after the date of approval. The alternative tariff is in lieu of the applicable rate under subdivisions 3 and 3a.

(c) The commission shall after notice and opportunity for public comment approve the alternative tariff provided the utility has demonstrated the alternative tariff:

1. appropriately applies the methodology established by the department and approved by the commission under this subdivision;
2. includes a mechanism to allow recovery of the cost to serve customers receiving the alternative tariff rate;
3. charges the customer for all electricity consumed by the customer at the applicable rate schedule for sales to that class of customer;
4. credits the customer for all electricity generated by the solar photovoltaic device at the distributed solar value rate established under this subdivision;
5. applies the charges and credits in clauses (3) and (4) to a monthly bill that includes a provision so that the unused portion of the credit in any month or billing period shall be carried forward and credited against all charges. In the event that the customer has a positive balance after the 12-month cycle ending on the last day in February, that balance will be eliminated and the credit cycle will restart the following billing period beginning on March 1;
6. complies with the size limits specified in subdivision 3a;
7. complies with the interconnection requirements under section 216B.1611; and
8. complies with the standby charge requirements in subdivision 3a, paragraph (b).

(d) A utility must provide to the customer the meter and any other equipment needed to provide service under the alternative tariff.

(e) The department must establish the distributed solar value methodology in paragraph (c), clause (1), no later than January 31, 2014. The department must submit the methodology to the commission for approval. The commission must approve, modify with the consent of the department, or disapprove the methodology within
60 days of its submission. When developing the distributed solar value methodology, the department shall consult stakeholders with experience and expertise in power systems, solar energy, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data.

(f) The distributed solar value methodology established by the department must, at a minimum, account for the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental value. The department may, based on known and measurable evidence of the cost or benefit of solar operation to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors.

(g) The credit for distributed solar value applied to alternative tariffs approved under this section shall represent the present value of the future revenue streams of the value components identified in paragraph (f).

(h) The utility shall recalculate the alternative tariff on an annual cycle, and shall file the recalculated alternative tariff with the commission for approval.

(i) Renewable energy credits for solar energy credited under this subdivision belong to the electric utility providing the credit.

(j) The commission may not authorize a utility to charge an alternative tariff rate that is lower than the utility's applicable retail rate until three years after the commission approves an alternative tariff for the utility.

(k) A utility must enter into a contract with an owner of a solar photovoltaic device receiving an alternative tariff rate under this section that has a term of at least 20 years, unless a shorter term is agreed to by the parties.

(l) An owner of a solar photovoltaic device receiving an alternative tariff rate under this section must be paid the same rate per kilowatt-hour generated each year for the term of the contract.
Connecticut

General Assembly

Committee Bill No. 570

January Session, 2015

LCO No. 5657

*05657SB00570ET_*

Referred to Committee on ENERGY AND TECHNOLOGY

AN ACT CONCERNING ELECTRIC FIXED BILL FEES AND GRID MODERNIZATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (Effective July 1, 2015) (a) As used in this section:

(1) "Residential fixed charge" means any (A) fixed charge for distribution basic service, (B) distribution customer service charge, (C) customer charge, (D) basic service fee, (E) demand charge, or (F) other fixed charge, which is separate and distinct from any distribution charge per kilowatt-hour.

(2) "Electric distribution company" has the same meaning as provided in section 16-1 of the general statutes, as amended by this act.

(b) The Public Utilities Regulatory Authority shall adjust each electric distribution company's residential fixed charge upon such company's filing with the authority an amendment of rate schedules pursuant to section 16-19 of the general statutes, to not more than ten dollars per monthly billing cycle. Once adjusted, the residential fixed charge shall not exceed ten dollars per billing cycle. The authority shall not adjust a company's residential fixed charge to an amount that exceeds ten dollars per billing cycle in any rate case thereafter.

(c) On or after October 1, 2025, the authority shall initiate a docket proceeding to investigate whether to eliminate the residential fixed charge or to adjust the residential fixed charge to an amount exceeding ten dollars per monthly billing cycle. On or before January 1, 2026, the authority shall report, in accordance with section 11-4a of the general statutes, the results of such proceeding to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 2. Subsection (a) of section 16-1 of the general statutes is amended by adding subdivisions (48) and (49) as follows (Effective July 1, 2015):

(NEW) (48) "Distributed energy resource" means any zero-emission customer-side distributed resource, demand response, end user energy efficiency and conservation measure, combined heat and power system, thermal energy generated by a thermal energy transportation company, distributed intelligence, microgrid or energy storage device, including but not limited to, a battery, flywheel or electric vehicle.

(NEW) (49) "Energy storage device" means any technology used to store electric energy including, but not limited to, a conventional battery, advanced battery, flywheel, electric vehicle, electrochemical capacitor, superconducting magnetic energy storage, power electronics or control system.

Sec. 3. (NEW) (Effective July 1, 2015) (a) Not later than August 1, 2015, the Commissioner of Energy and Environmental Protection shall conduct a public information meeting and hear public comments regarding methods to: (1) Analyze the costs and benefits that different distributed energy resources, as defined in section 16-1 of the general statutes, as amended by this act, provide to the electric distribution companies and ratepayers; (2) account for such costs and benefits; and (3) implement changes to the regulation of electric distribution companies that conform electric rate and revenue structures to state energy policy.

(b) The Commissioner of Energy and Environmental Protection shall submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy on the commissioner's findings from such public information
meeting. The commissioner may initiate additional proceedings if the commissioner determines that substantial changes are necessary to properly account for the costs and benefits of distributed energy resources.

Sec. 4. (NEW) (Effective July 1, 2015) (a) Notwithstanding subsection (a) of section 16-244e of the general statutes, each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, may, in consultation with the Connecticut Green Bank, submit a proposal to the Department of Energy and Environmental Protection to build, own or operate facilities, devices, services or technologies, including, but not limited to, energy storage devices, as defined in section 16-1, of the general statutes, as amended by this act, for the purpose of demonstrating and investigating how distributed energy resources, as defined in section 16-1 of the general statutes, as amended by this act, can be reliably and efficiently integrated into the operation of the electric distribution system in a manner that maximizes the value provided to the electric distribution company, its ratepayers and society from such resources.

(b) The department shall, in consultation with the Connecticut Green Bank, evaluate such proposals and may approve such proposals, provided the net cost of all department approved proposals, in the aggregate, do not exceed five million dollars.

(c) Each electric distribution company may enter into joint ownership agreements, partnerships or other contractual agreements for services with private entities to carry out the provisions of this section.

(d) Not later than July 1, 2016, the department shall evaluate such approved proposals pursuant to this section and submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the performance, costs and benefits associated with the facilities, devices, services or technologies procured pursuant to this section.

Sec. 5. (NEW) (Effective July 1, 2015) (a) Not later than August 1, 2015, each electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, shall submit to the Commissioner of Energy and Environmental Protection a protocol for regularly disclosing to the public, electric distribution company circuit maps, based on season and time of day, information regarding areas of electric distribution system need, including locations of actual or projected conditions, including, but not limited to, congestion, increased demand or increased need for operational flexibility due to the interconnection of customer-side distributed resources, as defined in section 16-1 of the general statutes, as amended by this act, and any other information deemed relevant by the commissioner. Such protocol shall include:

(1) Appropriate protections for consumer privacy and for safeguarding the security of electric distribution company assets; and

(2) A methodology to designate areas of electric distribution system need.

(b) Not later than December 1, 2015, the commissioner shall conduct a proceeding to review, approve or modify such protocol, providing opportunity for public review and comment on such protocol.

(c) Not later than January 1, 2016, and each successive year thereafter, each electric distribution company shall make available to the public, information regarding areas of electric distribution system need in accordance with the company's protocol approved by the commissioner pursuant to this section.

Sec. 6. Subsection (a) of section 16-244r of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2015):

(a) Commencing on January 1, 2012, and within the period established in subsection (a) of section 16-244s, each electric distribution company shall solicit and file with the Public Utilities Regulatory Authority for its approval one or more long-term contracts with owners or developers of Class I generation projects that emit no pollutants and that are less than one thousand kilowatts in size, located on the customer side of the revenue meter and serve the distribution system of the electric distribution company. In conducting such solicitation,
each electric distribution company shall give preference to projects located in areas of electric distribution system need, as designated by the Commissioner of Energy and Environmental Protection pursuant to section 5 of this act. The authority may give a preference to contracts for technologies manufactured, researched or developed in the state.

Sec. 7. (NEW) (Effective July 1, 2015) (a) Not later than October 1, 2015, the Commissioner of Energy and Environmental Protection shall initiate an uncontested proceeding or proceedings to (1) determine the net value that distributed energy resources, as defined in section 16-1 of the general statutes, as amended by this act, provide to electric distribution companies, ratepayers and society; and (2) consider whether to establish a methodology to credit the owners of such distributed energy resource.

(b) In determining the value of distributed energy resources in a proceeding initiated pursuant to subsection (a) of this section, the commissioner shall consider the costs and benefits associated with the following factors: (1) Energy; (2) capacity; (3) grid support services; (4) financial risk; (5) reliability; (6) resiliency; (7) environmental attributes; (8) social values; and (9) any other factors deemed relevant by the commissioner.

(c) Not less than sixty days prior to convening an uncontested proceeding initiated pursuant to subsection (a) of this section, the commissioner shall convene a meeting with interested stakeholders to determine the scope of distributed energy resources to be evaluated at such proceeding and any other issues the commissioner deems relevant. Prior to convening any uncontested proceeding initiated pursuant to subsection (a) of this section, the commissioner shall conduct not less than one public meeting and one technical meeting where technical personnel shall be made available to respond to questions.

(1) Not less than fifteen days prior to convening a public or technical meeting, such commissioner shall publish notice of such meeting. Such notice shall disclose the commissioner’s proposed recommendations regarding the net value of such distributed energy resource, time period for public comment and the time, date and location of such meeting.

(2) The commissioner shall make proposed recommendations available for public comment for a period of not less than thirty days prior to any proceeding conducted pursuant to subsection (a) of this section. The commissioner shall fully consider all oral and written public comments concerning the proposed valuation methodology for such distributed energy resource before issuing the final valuation methodology. The testimony, public comments and remarks made at such proceeding and at such public and technical meetings shall be transcribed and made available on the department’s Internet web site.

(d) If at the conclusion of any proceeding conducted pursuant to subsection (a) of this section, the commissioner establishes a valuation methodology for a distributed energy resource, the commissioner may:

(1) Direct each electric distribution company to provide a tariff to owners of such distributed energy resource. Not later than the department publishes such final valuation methodology, each electric distribution company shall file such tariff for approval with the Public Utilities Regulatory Authority. Such tariff shall include, but not be limited to, new qualifying facilities for virtual net metering pursuant to section 16-244u of the general statutes, as amended by this act, and net metering pursuant to section 16-243h of the general statutes, as amended by this act; and

(2) Update the final valuation methodology as needed and require each electric distribution company to revise such tariff in accordance with such update.

Sec. 8. Subsection (b) of section 16-244u of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2015):

(b) Each electric distribution company shall provide virtual net metering to its municipal, state or agricultural customer hosts and shall make any necessary interconnections for a virtual net metering facility or an agricultural virtual net metering facility. Upon request by a municipal, state or agricultural customer host to implement the provisions of this section, an electric distribution company shall install metering equipment, if
necessary. For each municipal, state or agricultural customer host, such metering equipment shall (1) measure electricity consumed from the electric distribution company's facilities; (2) deduct the amount of electricity produced but not consumed; and (3) register, for each monthly billing period, the net amount of electricity produced and, if applicable, consumed. If, in a given monthly billing period, a municipal, state or agricultural customer host supplies more electricity to the electric distribution system than the electric distribution company delivers to the municipal, state or agricultural customer host, the electric distribution company shall bill the municipal, state or agricultural customer host for zero kilowatt hours of generation and assign a virtual net metering credit to the municipal, state or agricultural customer host's beneficial accounts for the next monthly billing period. Such credit shall be applied against the generation service component and a declining percentage of the transmission and distribution charges billed to the beneficial accounts. Such credit shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods for a customer host implementing virtual net metering under this section on or before the Commissioner of Energy and Environmental Protection establishes a final methodology and each electric distribution company implements a tariff pursuant to section 7 of this act. For any new customer host qualifying under this section, such virtual net metering credit shall be established by such commissioner pursuant to section 7 of this act.

Sec. 9. Section 16-243h of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2015):

On and after January 1, 2000, each electric supplier or any electric distribution company providing standard offer, transitional standard offer, standard service or back-up electric generation service, pursuant to section 16-244c, shall give a credit for any electricity generated by a customer from a Class I renewable energy source or a hydropower facility that has a nameplate capacity rating of two megawatts or less. The electric distribution company providing electric distribution services to such a customer shall make such interconnections necessary to accomplish such purpose. An electric distribution company, at the request of any residential customer served by such company and if necessary to implement the provisions of this section, shall provide for the installation of metering equipment that (1) measures electricity consumed by such customer from the facilities of the electric distribution company, (2) deducts from the measurement the amount of electricity produced by the customer and not consumed by the customer, and (3) registers, for each billing period, the net amount of electricity either (A) consumed and produced by the customer, or (B) the net amount of electricity produced by the customer. If, in a given monthly billing period, a customer-generator supplies more electricity to the electric distribution system than the electric distribution company or electric supplier delivers to the customer-generator, the electric distribution company or electric supplier shall credit the customer-generator for the excess by reducing the customer-generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period at a rate of one kilowatt-hour for one kilowatt-hour produced. The electric distribution company or electric supplier shall carry over the credits earned from monthly billing period to monthly billing period, and the credits shall accumulate until the end of the annualized period. At the end of each annualized period, the electric distribution company or electric supplier shall compensate the customer-generator for any excess kilowatt-hours generated, at the avoided cost of wholesale power for a customer implementing net metering under this section on or before the Commissioner of Energy and Environmental Protection establishes a final valuation methodology and each electric distribution company implements a tariff pursuant to section 7 of this act. For any new source or facility qualifying under this section, the electric distribution company or electric supplier shall compensate the customer-generator at a rate established by the commissioner pursuant to section 7 of this act. A customer who generates electricity from a generating unit with a nameplate capacity of more than ten kilowatts of electricity pursuant to the provisions of this section shall be assessed for the competitive transition assessment, pursuant to section 16-245g and the systems benefits charge, pursuant to section 16-245l, based on the amount of electricity consumed by the customer from the facilities of the electric distribution company without netting any
electricity produced by the customer. For purposes of this section, "residential customer" means a customer of a single-family dwelling or multifamily dwelling consisting of two to four units.

This act shall take effect as follows and shall amend the following sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>Date</th>
<th>Amendement</th>
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<tbody>
<tr>
<td>Section 1</td>
<td>July 1, 2015</td>
<td>New section</td>
</tr>
<tr>
<td>Sec. 2</td>
<td>July 1, 2015</td>
<td>16-1(a)</td>
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<td>Sec. 3</td>
<td>July 1, 2015</td>
<td>New section</td>
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<td>Sec. 4</td>
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<td>Sec. 7</td>
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<td>July 1, 2015</td>
<td>16-244u(b)</td>
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<tr>
<td>Sec. 9</td>
<td>July 1, 2015</td>
<td>16-243h</td>
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Statement of Purpose:
To modernize the electric grid, create a methodology to value distributed energy resources, initiate a distributed energy resource grid integration pilot program, compel the public disclosure of the circuit map of the electric distribution system, alleviate areas of electric distribution system congestion, promote and incentivize the conservation of electricity and provide associated savings to ratepayers by reducing and capping the electric distribution companies' residential fixed charge.