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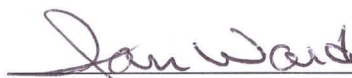
VERIFICATION

State of New York)

ss.:

County of Kings)

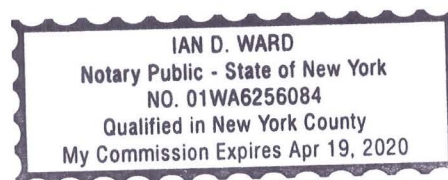
On the 17th day of March in the year 2017, before me, the undersigned, personally appeared Jason Kaplan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.



Notary Public

Sign and affix stamp

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Jason Kaplan



**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the General Investigation	)	
to Examine Issues Surrounding Rate Design	)	Docket No. 16-GIME-403-GIE
for Distributed Generation Customers	)	

**INITIAL COMMENTS OF JASON KAPLAN, ESQ. ON BEHALF OF
UNITED WIND, INC.**

COMES NOW, Jason Kaplan for United Wind, Inc. (“UW”), and respectfully submits the following comments as requested by the Kansas Corporation Commission (“KCC” or “Commission”) in its July 12, 2016 Order in the above-captioned docket:

I. Introduction

1. United Wind, Inc. (“UW”) commends the Commission for undertaking this General Investigation Docket to examine how the adoption of distributed generation (“DG”) will impact not just the rate structures, but state’s energy infrastructure generally in Kansas. Kansans are demanding opportunities to be a part of the renewable energy future and the Commission, through this docket, is taking the right steps to consider how DG should be fairly compensated.

2. As brief introduction, UW is the leading developer of distributed wind projects in the United States, offering its first-of-its-kind WindLeaseTM product to rural and agricultural customers. UW began as a wind resource site assessment company called Wind Analytics, which developed a proprietary wind resource software platform that allowed governmental and energy agencies to validate wind resource assumptions made by individuals and developers in their application for state grants and incentives. UW now uses the Wind Analytics tool as the foundation for its vertically integrated small wind leasing business. In exchange for a fixed monthly lease payment from its customer, UW properly sites, installs, and operates and maintains the distributed wind system on its customer's property. These distributed wind systems have a rated capacity

between 25 kW and 900 kW and sit on self-supporting or monopole towers at a height of approximately 80 to 150 feet. These systems are connected either physically or virtually on the customer side of the meter (to serve onsite loads) or directly to the local distribution or micro grid (to support local grid operations or offset nearby loads). This distinction differentiates typically smaller distributed wind systems from power generated at wind farms comprised of dozens or hundreds of multi-MW wind turbines and sent via transmission lines to substations for subsequent distribution to loads. Through the WindLease, the customer benefits from energy price stability and better budgeting practices for their agricultural operations. UW's core customers are rural businesses and agricultural producers, including feedlots, dairies, and hog processors. UW serves a market that has been historically underserved by DG and enables these end users to benefit from the strong wind energy on their properties.

II. Opportunity in Kansas

3. The existence of distributed generation in Kansas to date is minimal, and the deployment of distributed wind has been negligible. However, UW sees a tremendous opportunity to deploy distributed wind and drive economic development in the state. The state of Kansas has a tremendous wind resource, with sustained wind speeds between 6 m/s and 7 m/s at the heights of our small wind systems. And while these winds have benefited developers of large, utility scale wind systems, there are also thousands of properties in the rural and agricultural regions of the state with sufficient land area to support distributed wind systems. UW has undergone a comprehensive analysis of the market in Kansas and has conservatively estimated that there is the opportunity to invest \$160,000,000 in hard assets in the rural and agricultural communities in the state. This investment figure only includes those of the cost of equipment and installation, and does not include the multiples of millions to be generated in economic development, in new jobs

(both short-term construction and long-term operations and maintenance), attracting new businesses and loads to rural territories, and expansion of agricultural operations by nature of its receipt of benefits from distributed wind.

III. Resources for Review

4. In guiding this General Docket Regarding Rate Design for Distributed Generation Customers, UW supports the Commission taking official notice of the “Distributed Energy Resources Rate Design and Compensation” manual prepared by the National Association of Regulatory Utility Commissioners (“NARUC”) as formally adopted in its November 16, 2016 Annual Meeting (“NARUC Manual or Manual”). This Manual provides an in-depth review and appreciation for the multifaceted ways rate design policy and distributed generation can be assessed and addressed.

5. The Commission should also take notice of the Brookings’ Institute report on the value of DG and net metering.¹ In this report, the author’s note that regulators in a least 10 states have conducted studies to develop methodologies to value DG and net metering, and the resulting consensus was that net metering and DG benefits all utility customers.² Specifically, the Commission is respectfully directed to review the State of Minnesota’s Value of Solar methodology³ and resulting tariff which incorporated the social cost of carbon, the avoided construction of new power stations, and the displacement of more expensive power sources. In addition, Lawrence Berkley Laboratory⁴ concluded in its recent paper that the “effects of DG on retail electricity prices are, and will continue to be, quite small compared to other issues.”⁵

¹ Brookings Institute, Rooftop Solar: Net metering is a net benefit, Mark Muro and Devashree Saha, 5/23/16, <https://www.brookings.edu/research/rooftop-solar-net-metering-is-a-net-benefit/>.

² The 50 States of Solar, February 2016, <https://nccleantech.ncsu.edu/wp-content/uploads/50sosQ4-FINAL.pdf>.

³ <http://ilsr.org/wp-content/uploads/2014/04/MN-Value-of-Solar-from-ILSR.pdf>

⁴ https://emp.lbl.gov/sites/all/files/lbnl-1007060_0.pdf

⁵ Id.

6. Lastly, the Commission should take notice of the active work of the New York Public Service Commission in its Reforming the Energy Vision proceeding, as the State undergoes an energy industry transformation and working to find market efficiencies and activation to benefit all rate payers and utility stakeholders.⁶

IV. Understanding the Grid

7. The Manual sets forth a primary objective for utilities to accomplish before developing policies and methodologies to reform rates and address DG, that is, to gain a fundamental understanding of the grid, and “without such knowledge, planning can be frustrated.”⁷ The Manual further quotes from the Minnesota Public Utilities Commission that the “integrated grid will evolve in complexity and scale over time as the richness of systems functionality increase and the number of distributed resources extend to hundreds of thousands and possibly millions of intelligent utility, customer and merchant distributed resources. To address this evolution, robust planning processes and engineering methods are required to advance distribution planning.”⁸ Kansas is a jurisdiction with low DG adoption. Therefore, as the Manual states, “[f]or the jurisdictions with low DER adoption and growth, there is time to plan and take the appropriate steps and avoid unnecessary policy reforms simply to follow suit with actions other jurisdictions have taken. Reforms that are rushed and not well thought out could set policies and implement rate design mechanisms that have unintended consequences such as potentially discouraging customers from investing in DER or making inefficient investments in DER.” This planning must include an analysis by the utilities and the rural electric cooperatives to better understand their grid

⁶ State of New York Public Service Commission, Case 15-E-0751 – In the matter of the Value of Distributed Energy Resources, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources and Related Matters.

⁷ NARUC, at 64.

⁸ Id.

characteristics and capacity for DG adoption. These studies will benefit all stakeholders as they can “determine where there is available capacity and where there is little available capacity; making this information available to developers can assist DER developers in better locating potential DER.”⁹ Making this information public is critical to enabling greater efficiencies and the realization of mutually beneficial outcomes for the developers of DG and utilities.

8. UW sees tremendous value in appreciating where along the distribution network current capacity exists to install DG systems, and where installation would be more costly or require upgrades. It is obvious on its face that with greater knowledge of the grid constraints, developers can focus their efforts in areas of the utility territory where it best serves the utility and only explore more challenging locations once the low hanging fruit has been picked.

V. Rural Electric Cooperatives

9. Since UW’s core customers are rural and agricultural, they are predominantly members of Kansas’ thirty-one rural electric cooperatives. Each electric cooperative has its own unique territory, membership base, load profile, and capacity for distributed generation. UW appreciates these differences and seeks to work collaboratively with these critical stakeholders to enable the deployment of its small wind systems without substantial impact to the distribution network, however, such differences also cause inefficiencies in development and siting systems. While the Commission may not have direct jurisdiction over rate making of electric cooperatives, there should be consideration for enabling policies that are consistent across multiple jurisdictions. One variance we have seen recently is the promulgation of Grid Access¹⁰ or Grid-Use¹¹ Charges intended to allow electric cooperatives to recover its associated fixed costs of operating and

⁹ NARUC, 62-63.

¹⁰ <http://www.weci.net/content/rate-changes-pass>

¹¹ <http://pioneerelectric.coop/wp-content/uploads/2015/07/PEC-Rate-Tariffs-3-28-16.pdf>

maintaining the distribution and transmission facilities. These charges are typically a fixed dollar amount per kW of installed capacity of the distributed generation system. While UW can appreciate that there may be short term impacts to the grid when distributed generation adoption reaches a certain level related to the grid peak loading system wide, such pricing mechanisms should not be used prospectively and become less of a cost-recovery mechanism and more of a deterrent for members to install DG. With this investigation on rate design, UW respectfully asks for review of such mechanisms and the application of fixed fees as rate design is considered.

VI. Benefits of DG

10. As many other stakeholders will no doubt note, there are substantial benefits of DG to the grid. Specifically, distributed wind adds an element that other DG technologies do not. Distributed wind provides load leveling and peak shaving opportunity as wind energy in Kansas at the hub heights of small wind systems, increases in strength in the evening hours, as solar pv ramps down due to the setting sun. This reduces transmission and distribution losses on the grid. By off-setting peak load, distributed wind reduces the need for purchase of high cost electricity at peak periods. These avoided costs over the long term will provide net benefits to all customers. Another distinct benefit of distributed wind is the economic development potential. UW does not see the DG equation as being zero sum, where the cost of revenue erosion is all that is considered. What needs to be addressed is the opportunity that DG has to attracting new load to various utility territories, specifically rural electric cooperative territories. It is not only the Fortune 500 and Google's of the world who are committed to procuring renewable energy for their operations,¹² but dairies, feedlots, hog confinements and other agricultural processors are now looking to availability of DG in making their determination as to where to site their next manufacturing and

¹² https://www.nytimes.com/2016/12/06/technology/google-says-it-will-run-entirely-on-renewable-energy-in-2017.html?_r=0

agribusiness facility. As new businesses seek to locate where they can interconnect a small wind system with ease, the figurative “electric load pie” grows and short term costs result in long term economic benefits and community prosperity. Quantifying these benefits will be important as this dialogue continues. This opportunity is meaningful, especially in the rural electric cooperative territories in Kansas. UW is keen on assisting on these economic development efforts, but this value should also be considered in assessing rates for distributed generation.

VII. Conclusion

11. UW and other stakeholders are only in the beginning of this process to discuss the impacts of DG in Kansas. UW is eager and excited to provide its unique perspective as serving rural and agricultural customers in the rural electric cooperative territories in the state and work collaboratively to find solutions to benefit all stakeholders. UW will participate in roundtables and share its experiences in the state on how best to develop distributed wind systems that drive load growth, economic development, and prosperity for Kansas’ rural and agricultural communities.