

Power for the People VA

Virginia energy policy made interesting

Virginia regulators approve Appalachian Power's "solar tax"

December 1, 2014 by Ivy Main



(https://powerforthepeopleva.files.wordpress.com/2014/12/solar_panels_on_house_roof.jpg).

Virginia homeowners had better tell their solar installers to keep it under 10 kW. Photo credit Gray Watson

The State Corporation Commission has granted Appalachian Power Company's request to be allowed to impose "standby" charges on residential customers with solar systems over 10 kilowatts. The charges can range up to more than \$100 per month, regardless of how much electricity the homeowner actually draws from the grid.

In its Final Order in case number PUE-2014-00026, dated November 26, the SCC ruled that APCo's standby charge complies with § 56-594 F of the Virginia Code, which provides for standby charges for net-metered residential systems between 10 and 20 kW. (The law does not allow for net metering of residential systems over 20 kW.)

Environmental groups intervened in the case and ran a grassroots campaign that generated over 1500 comments to the SCC, opposing what has been dubbed a "tax on the sun." The result, however, was never in much doubt. The SCC has repeatedly demonstrated a willingness to accept without scrutiny utility assertions that solar customers impose costs on other customers.

Attorneys at the Southern Environmental Law Center, who argued against the standby charges on behalf of the Sierra Club and other groups, say the SCC's reasoning is flawed. According to Cale Jaffe, Director of the SELC's Virginia office, "Appalachian Power actually conceded during the hearing that it was 'not in a position' to determine whether solar customers had 'a positive or negative impact to the distribution cost of service.' In other words, Appalachian Power said that solar customers might be having a positive impact in helping to reduce APCo's distribution costs, but that the power company didn't have the data and didn't know one way or the other."

Jaffe added, "We saw that piece of evidence as a fatal concession, at least with respect to the distribution portion of the charge." Yet a reading of the Final Order suggests the Commission never even considered the point.

The SCC allowed APCo, like Dominion before it, to consider only transmission and distribution costs, ignoring generation costs for now. Advocates urge that solar systems produce power at times of peak demand, reducing the need for utilities to buy expensive peak power, and therefore actually saving them money. The utilities dispute this, but it is worth noting that APCo's most recent Integrated Resource Plan from March of this year projects that solar power will be cheaper than its avoided cost of energy by 2019. But of course, the point of standby charges isn't about the cost of solar, but about preventing customers from generating their own power.

In spite of all the time and money APCo has spent to get approval for the standby charges, the utility has said that only five existing customers will be affected. The real impact will be to limit the number of homeowners who choose to install large solar systems going forward. The prospect of paying high standby fees will likely discourage APCo customers from buying systems over 10 kW, as has happened in Dominion's territory after the SCC allowed Dominion Virginia Power to impose similar standby fees a year ago.

Although a 10 kW system is bigger than the average Virginia home needs by itself, people with electric cars can find their demand exceeds that limit. Moreover, Dominion Virginia Power has signaled that it would like to impose standby charges on all of its solar customers, regardless of system size.

The actions of Virginia utilities and the SCC put the commonwealth in the thick of a nationwide battle over customer-owned, "distributed" solar. While most studies analyzing the value of solar have concluded that distributed solar benefits the public and the grid, utilities fear it will eat into their profit margins. They see Virginia as a good place to establish a precedent friendly to the utility viewpoint, due to the commonwealth's history of allowing its utilities to dictate energy policy. So far, this episode proves them right.

This entry was posted in [Renewable energy](#), [Solar](#) and tagged [Appalachian Power](#), [sierra club](#), [solar](#), [southern environmental law center](#), [standby charges](#), [State Corporation Commission](#), [Virginia](#). Bookmark the [permalink](#).

18 thoughts on "Virginia regulators approve Appalachian Power's "solar tax""

1. Anne Driscoll says:

[December 2, 2014 at 12:31 am](#)

Reblogged this on [Pacific Solar](#).

OBM and Cholla Energy
Ex. 1016

2. Rev Dele says:December 2, 2014 at 12:59 am

Thanks for a very clear explanation of the coming encroachment to using solar power. Hopefully we will be able to stop these "taxing the sun" initiatives.

3. Pingback: Will Virginia Regulators Tax the Sun? | VAIPL

4. Thomas Franko says:

December 3, 2014 at 11:42 pm

This isn't a tax on the sun....APCO hopes that you think that. This is a tax on individuals using their right to help their community locally. APCO has the ability to both gauge how much will be generated on any given day and slow down or even shut down gas powered plants for part of that day. This is an inconvenience tax. We are to feel sorry for them and their stockholders!

5. solar bryan says:

December 4, 2014 at 3:26 am

The 10kW surcharge is not even based on how much the sustem generates...it is based on the derated size of the system, regardless of how much the system actually generates.

Note to the writer;

"Solar System" "The Solar System[a] comprises the Sun and the objects that orbit it, whether they orbit it directly or by orbiting other objects that orbit it directly.[b] Of those objects that orbit the Sun directly, the largest eight are the planets[c] that form the planetary system around it, while the remainder are significantly smaller objects, such as dwarf planets and small Solar System bodies (SSSBs) such as comets and asteroids.[d]Solar System":

- Ivy Main says:

December 6, 2014 at 5:13 pm

Hey, Bryan, I thought I had the monopoly on snark around here!

6. toolpusher says:

December 5, 2014 at 12:34 am

If uwant your power on after the sun goes down' pay for it. Why should the ulitivity provide stand-by service for free just because u are a home owner.

- giniajim says:

December 5, 2014 at 2:38 am

Electric service is, by it's nature, "on standby". When we leave the house, our use of electricity is lessened or even stopped. But it's on standby for when we come back. We're already paying for our electric service to be "on standby" for when we want to turn it on! It's built into the system. Whether we've got solar panels or not shouldn't matter. We're just using less electricity which could happen by better insulation, more diligent conservation, closing off a room or two 'cause the kids have moved out, etc.

7. Karen Relyea says:

December 5, 2014 at 2:47 am

Are you kidding me!!! This must be a joke surely our politicians would not allow this to happen they own the sun the power company doesn't own the sun this is taking big government to a whole other level! I am appalled!!!!

8. hddave says:

December 8, 2014 at 8:39 pm

The oligarchs rule!

9. Pingback: Virginia's amazing year in energy: gas rises, coal falls, and solar shines (but it's still not okay to say "climate change") | Power for the People VA

10. Pingback: Your 2015 Virginia legislative session cheat sheet, part one: Clean energy bills | Power for the People VA

11. Pingback: If the power grid goes down, blame the war on solar | Power for the People VA

12. Paul Risberg says:

June 1, 2015 at 3:17 pm

Just a correction, most homes in Virginia use more electricity than a 10 KW system produces, (about 15,000 KWH's per year, or 1200 KWH's per month). However, very few homes have enough roof space to mount 10KW of solar. They often want to build larger groundmounted arrays, though, and are nervous about potential standby charges. They may not proceed, and the folks at the utility say "mission accomplished" without actually doing anything, or exposing themselves to hearings where they attempt to provide real data to back up a poor thesis. Value of solar is not simple. Much like any risk group, electricity customers are comprised of a wide variety of meter sites and demand environments. Some people receive heavily subsidized electricity, some others provide that subsidy. Utilities make a profit margin on company expenses, period. If a solar system happens to offset peak demand, that value is far higher than the average rate people pay. If people charge their electric car at night, they are paying far more than the actual cost of that power. If you live in a remote area where utilities serve few people, you are getting an unbelievable good deal. We agreed to this deal when we determined that the most efficient distribution possible would be to grant a monopoly to few lucky companies, and trust that they would act in our best interests, guided by the visionary folks at the SCC. It's not the agreement that needs adjustment, It's the leadership.

13. jim bier says:

July 28, 2015 at 3:47 pm

Could you post something about the related net-metering rules changes at the SCC. Here is info I recently sent out.

Hi folks, a reminder..... 7/31 deadline

<http://www.scc.virginia.gov/case/PublicComments.aspx>

Here are my comments just submitted.

Suggestion: speak truth respectfully to power as to anyone else.

PUE-2015-00057

These proposed new or revised rules for net metering will have the effect, intentional or not, of discouraging the installations producing electricity with renewable energy systems. Most, if not all, of the proposed changes increase cost and time uncertainty for the owner/installer of renewable energy systems while providing increased levels of arbitrary control by the electric utility.

The standard of regulation for these intermittent renewable energy producing systems should be no more onerous than that governing the provision of customer service to similarly sized intermittent customer loads, since the coming on-line of renewable electricity produced is essentially indistinguishable from electrical load going off-line.

The requirement that renewable energy producing systems to be no larger than to cover the projected use based on twelve months of billing history or calculated projected use for new customers is particularly troubling since its principal impact is to reduce the amount of renewable energy on the grid and to severely restrict customer choice. Residential renewable energy essentially means solar photovoltaic (PV) and its peak production is on sunny summer days when the air-conditioning load on the grid is sufficient to induce AEP in a separate program to offer an \$8.00 monthly inducement for being allowed to install load management devices on customers central heat pump/AC units. The cost for managing this load management program would seem to be significantly more than accepting excess production from customers' solar PV systems. Since residential customers are effectively limited to 10KW production, further limits on system size seem arbitrary and have the effect, if not the intent of enhancing the utility's status as an energy sales monopoly, rather than recognizing any SCC and utility responsibility to the customer/consumer. There can be any number of reasons for a customer to install a renewable energy generating system larger than would cover only historical energy requirements. The homeowner may have an interest in meeting previous carbon-intensive fossil fuel energy demands from transportation and/or space heating with more efficient grid and solar PV electricity, or want to enable a future owner to exercise those options, thereby increasing the attractiveness of the house to a buyer. It's a lot easier and more economical to provide additional capacity with initial design and installation rather than to add it on later. And it should be the customer/homeowner's choice.

14. Pingback: [Rival solar petitions spawn confusion, race for signatures – Miami Herald | Babies Hot Shop](#)
15. Pingback: [Rival solar petitions spawn confusion, race for signatures – Miami Herald](#)
16. Pingback: [Facing utility opposition, Virginia legislators punt on renewable energy bills | Power for the People VA](#)

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