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Appalachian Power's proposed fee targets users of solar panels

Mike Gangloff

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BLACKSBURG — Appalachian Power Co.'s plans to add a fee to the bills of some solar panel-equipped households drew criticism Monday in the town that just finished a first-in-Virginia solar power drive.

"We think it's going to open the floodgates and affect every customer" with solar, said Ryan Haac of Baseline Solar Solutions, one of the chief players in the recent Solarize Blacksburg initiative.

Today is the last day to send written comments to the State Corporation Commission, which is weighing Appalachian's proposal to assess "standby charges" against some customers who generate energy with sun or wind or other means but are still connected to the wider electricity grid.

State regulators plan a public hearing on the proposal on Sept. 16 in Richmond and at some point will issue a decision on the new fee.

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Appalachian's proposed fee would apply only to residential alternative energy systems with generation capabilities rated at between 10 and 20 kilowatts. The base amount for the new charge would be \$3.77 per kilowatt per month, with adjustments depending on how much energy actually was generated and used by the customer, Appalachian spokesman John Shepelwich said Monday in a phone interview.

The gathering in Blacksburg, called by the Appalachian Voices advocacy group, drew about 35 people to hear ways to oppose the new fee.

Haac and others noted that the General Assembly several years ago passed legislation allowing standby charges, but required utilities to justify the need for them. He argued that Appalachian hasn't met that requirement, because it is presenting state regulators with only the costs — and not the benefits — of having some homes hooked to both private generation systems and to the grid.

A fairer analysis would take into account the benefits of a growing decentralized power generation system, such as reducing transmission loss by having power generation closer to use, and of eventually reducing the operations of costly power plants, Haac said.

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Appalachian has noted that presently, most residential solar power systems are smaller than 10 kilowatts. Appalachian now has only three customers in Virginia that would be affected by the new fee. But speakers at the meeting predicted it could soon reach more people.

“The danger is that if we start down this road ... they could come back to the General Assembly in 2015 and pick up the smaller folks,” Beth Lohman said.

Lohman noted that with prices for solar equipment dropping, more people will probably add it to their homes. “I made an investment,” she said of the solar panels on her own roof, “and having a standby charge diminishes that investment.”

Blacksburg Town Councilman John Bush noted that the Solarize Blacksburg program, which brought together homeowners and installers to take advantage of tax credits and bulk-buying of panels, resulted in 59 installation contracts. It about quadrupled the amount of solar power generation capability in the town, Bush said.

One of the homes getting solar panels is his own, Bush added.

“For me it’s a political statement. I want to show that it’s possible to do it. ... It’s also a great deal,” Bush said.

Virginia has net metering, which means that utility customers who generate their own power effectively turn their meter backwards, subtracting the amount generated from what they draw from the grid.

Shepelwich, who was not at the meeting, said Appalachian’s argument is that customers with larger solar power systems are benefiting from the presence of the utility’s grid, but are reducing how much they pay for the cost of its upkeep.

“We’re not trying to thwart solar or wind or methane or any of those alternative sources,” Shepelwich said. “It’s just recovering costs that are required for them to use our electricity when they want, and to sell their electricity back into our system.”

In the same package of rate adjustments that is before the State Corporation Commission, Appalachian is requesting a bump in its base monthly service fee for residential customers from about \$8 to about \$16.

To read Appalachian’s proposal or to send comments to the State Corporation Commission, go to case PUE-2014-00026 at www.scc.virginia.gov.

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