

Submission regarding Rule 024 micro-generation consultation

My name is Neil Burnside and I'm a relatively recent micro-generator, with a solar system installed in 2024 designed to offset roughly 88% of my annual electricity consumption. I reviewed the *Micro-Generation Regulations* (the "**Regulations**") when I was designing my system and opted to deliberately under-size the system, as I was concerned with maintaining treatment as a "micro-generation generating unit" if I designed to offset 100% of my consumption. My view is that the results of this consultation will give helpful clarity with respect to permitted system sizes.

My submission is limited to the questions relating to post-approval compliance (Question #2) and inverter de-rating (Question #3). I offer no opinions on the remaining questions posed.

Overall, the questionnaire appears to identify mechanisms that are at odds with the Regulations. Post-approval compliance requirements and de-rating would be inconsistent with the Regulations and the legislative intent behind them, and I urge the Commission to reject these proposals.

"Post-approval compliance" is inappropriate as the legislative intent of the Regulations is related to system design and installation, not performance in any given year

The relevant portion of the Regulations is as follows:

"micro-generation generating unit" means a generating unit of a customer or an energy storage resource of a customer that stores or discharges electric energy produced by the customer's generating unit that

- (i) exclusively uses sources of renewable or alternative energy to supply electric energy,
- (ii) is intended to meet all or a portion of the customer's total annual energy consumption at the customer's site or aggregated sites,
- (iii) has a total nameplate capacity that does not exceed the lesser of 5 MW or the rating of the customer's service,
- (iv) supplies electric energy only to a site that is located on property that the customer owns or leases, and
- (v) is located
 - a. on the property referred to in subclause (iv), or
 - b. on property that the customer owns or leases that is adjacent to the property referred to in subclause (iv);

The Regulations rightly focus on the design of the unit, which is a one-time event, and not ongoing compliance. The use of the word "intended" in the past tense stands in contrast to the language in the other subclauses, such as "uses" and "supplies", which focus on ongoing outcomes. As such, a solar system that is *intended* to meet 100% of a customer's total annual energy consumption is still properly a micro-generation generating unit, regardless of whether it goes on to produce 110%, 100%, or 90% of a customer's total annual energy consumption in any given year.

It would not be reasonable to impose any mechanisms for post-approval compliance monitoring on micro-generators that relate to how much electricity is produced. Once the system is designed, it is either intended to meet all or a portion of the customer's total annual energy consumption or it is not. A post-approval compliance requirement would be inconsistent with the Regulations.

Moreover, micro-generators are the smallest participants in the electricity market and the Legislature intended for them to have reduced compliance burden. The Regulations were drafted to provide for a "one-time" compliance burden at the time of system installation or a change in nameplate capacity, with metering, billing, and other functions allocated to service providers. The AUC should respect this legislative scheme and avoid placing additional burdens on what are ultimately private citizens earning single-digit rates of return on their capital.

The hypothetical posed in the consultation is already addressed in the Regulations; utilities can already seek relief without resorting to de-rating

It's not clear to me in this question whether it would be the customer de-rating their inverter voluntarily, or the utility de-rating the customer against the customer's wishes. My response assumes the latter, as the concerns in the questionnaire seem to relate to micro-generators trying to exceed the generation limits in the Regulations.

There is no legislative basis for inverter de-rating, as utilities should seek the relief already available in the Regulations. Section 2.1 of the Regulations already provides a mechanism whereby any changes to the system capacity requires a re-evaluation of whether the system qualifies as a micro-generation generating unit. The hypothetical posed in the consultation falls squarely within this relief: a micro-generator that "later increas[ed] its system capacity" would have done so unlawfully if they did not provide the required notice to the utility. If a utility has an issue with a micro-generator, they should bring the matter to the AUC, who would then be justified in deciding, pursuant to regulation 2.1(3), that the micro-generator is no longer a micro-generation generating unit after the change to its nameplate capacity.

Utilities should bear the risk related to the design methodologies that they enforce

While I empathize with utilities' concerns with respect to over-sizing of microgeneration, as my solar developer was very keen to push me to 100% offset rather than my desired 88%, the submission that customers should shoulder all the risk associated with system design is misplaced. In my view, this risk is best borne by utilities as the party with the most power in the relationship with solar developers and customers.

In any given risk allocation, the party that is best able to mitigate a risk is usually the optimal party to bear that risk. While utilities should of course be compensated for the risk they bear, the compensation they demand should be less than other parties, such as the customer, who have no ability to mitigate or hedge that risk. If utilities are forced to invest in additional infrastructure because of the prevalence of micro-generators, they will of naturally seek to rate-base this investment and profit from it.

As shown in this consultation, utilities are seeking even more control over the methodology and approval of micro-generation systems. Customers have essentially no input on the methodology that is used to size their system, as the utilities will simply reject any submission that doesn't conform to their standards. As such, if the methodology turns out to be flawed and a system generates "too much" electricity (from the point of view of the utility), they have only themselves to blame and should not have recourse to the customer.

Ultimately, whatever standardized methodology comes out of this consultation, it will likely address utilities' concern with system over-sizing. Going a step further and providing additional recourse to customers through post-approval compliance or inverter de-rating is unnecessary.

Respectfully,

A handwritten signature in black ink, appearing to read "Neil Burt". The signature is written in a cursive, slightly slanted style.