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August 8, 2016

Tennessee Regulatory Authority  
Petition of Kingsport Power Company d/b/a AEP Appalachian Power, General Rate Case  
Docket No. 16-00001  
*Submitted electronically to sharla.dillon@tn.gov*

Re: Comments on Proposed Settlement

To the Directors of the Tennessee Regulatory Authority:

I presented the following comments at the hearing this morning regarding the settlement proposed by the parties and filed electronically on August 4, 2016:

My name is Amanda Garcia, and I am here on behalf of the Southern Environmental Law Center, a regional environmental organization dedicated to the protection of natural resources throughout the Southeast. SELC works extensively on issues concerning energy resources and their impact on the people, culture, environment and economy in six states—Tennessee, Virginia, North Carolina, South Carolina, Georgia and Alabama.

Around the region, SELC has engaged extensively in regulatory proceedings affecting the right of customers to choose to generate their own electricity using solar technology. In this proceeding, we have offered comments at the public hearing in Kingsport and in support of the Solar Intervenors' joint motion to dismiss the proposed net metering tariff.

We commend the parties for reaching a settlement that largely maintains the existing net metering tariff and does not impose discriminatory demand charges on solar customers. In our view, the parties have reached the right result from both a legal and a policy perspective. We note, however, that on its face, the settlement does not preclude Kingsport from proposing the same changes to net metering, including demand charges, in a future proceeding.

If Kingsport does renew its net metering proposal or propose any other changes that affect the net metering tariff or customers' right to use solar, we believe the Authority should require Kingsport to engage in a separate value of solar proceeding. With respect to solar exports, the Authority should seek to develop a methodology for ensuring that the rate of compensation paid for exports reflects the long-term value of the energy provided. These methodologies, in addition to rate designs such as time-of-day pricing, would provide the opportunity for Kingsport to develop a non-discriminatory rate structure that more accurately reflects the marginal cost to serve *all* customers, including net metering customers, and to properly value any power generated by customers that is sent back to the grid.

A process to evaluate the value of solar would be best-suited to take place in a separate proceeding, with full participation by a range of interested parties and the public. Ensuring a robust public debate is particularly crucial here in Tennessee, where many decisions affecting solar choice are dictated by the Tennessee Valley Authority without a genuine public process.

It is worth noting that the state statute prohibiting discrimination against solar customers that was at issue in this rate case also applies to the municipal electric companies that provide power generated by TVA. The Authority's future decisions may well reach beyond Kingsport to affect customer choice for the many Tennesseans who live our state's fine cities and want to exercise their right to choose solar. The Authority has the opportunity to craft Tennessee solar policy and to do so in an open and transparent manner. We look forward to contributing to any future public debate. Thank you.

Respectfully submitted,



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