

MINUTES
VIRGINIA SOLAR ENERGY DEVELOPMENT AUTHORITY (Authority)
Monday, January 8, 2018

Virginia Tech Richmond Center

CALL TO ORDER

Chairman Hardiman was delayed and so Vice Chair Robb called the meeting to order at 1:25 p.m. Members and staff introduced themselves, and welcomed guests.

Members Present: Hayes Framme, Jack Rust, Brian Gordon, Cliona Robb, Will Gaithright, Barrett Hardiman (arriving late)

Members Absent: Katharine Bond, William Carmack, Ken Hutchinson, Sylvain Marsillac, Ryan Dunn, Jon Hillis, Colleen Lueken, Andrew Lamar, Cody Nystrom

VSEDA Staff Present: John Warren, Al Christopher, Ken Jurman, Paul Kugelman

APPROVAL OF MINUTES FROM November 27, 2017 MEETING

In the absence of a quorum, members could not vote on the minutes from the previous meeting. The minutes from this meeting will be addressed at the next meeting should there be a quorum.

Discussion of 2018 Legislation

Vice Chair Robb pointed out that there was a list of legislation introduced up to that point in time in member's folders, and asked staff if there was an update on the budget. Staff pointed out that there was a funding request included in the Governor's proposed budget but there was no news on where that stood. Hayes Framme pointed out that there was a DMME budget request for \$120,000 targeted towards storage technologies and asked if there was determination on how those funds would be spent. John Warren responded that the initial language of the request DMME submitted was somewhat flexible in how funds are spent, but that subsequent edits to the budget removed much of this flexibility, targeting the funds exclusively towards pumped storage hydro storage. Additionally, it was noted that \$30,000 for

administrative support of the Authority included in DMME's budget request was also absent from the final budget.

A question was raised as to whether DMME could request an adjustment to the budget to make it more flexible, such as including electro-chemical and other storage other than pumped hydro storage. John Warren pointed out that if this were not the Governor's budget, the Governor could amend it, but since it is the Governor's budget he didn't think it likely. Hayes Framme pointed out DMME would not actively advocate for any changes to the budget, but that if the Authority thought the budget language should be changed to address energy storage more broadly than just pumped storage, that DMME could be in a position to convey the Authority's message to the Governor and legislators.

Cliona Robb asked whether there needed to be a quorum present to request that DMME pass such a message along to the Governor's office and others, or if all members, including those absent could weigh in via email after the meeting to this end. Paul Kugelman with the OAG felt that this would likely not be in compliance with FOIA regulations and that if there were to be an official vote, it needs to be done with a quorum in a public meeting.

Presentation on Model Solar Ordinance

Jonah Fogel, Director of Virginia's Land Use Education Program at Virginia Cooperative Extension, explained their mission to provide land use education programs to Virginia's public officials, i.e. planning and zoning officials.

Mr. Fogel indicated he began getting technical solar zoning and best practice questions from localities in 2016 and did not at the time have good answers to many of the questions. This led to a stakeholder meeting in December which included three localities, and representatives from the so called "Rubin Group", the North Carolina Clean Energy Technology Center, DMME, solar developers and others. Discussed were the experiences local governments have had and come up with possible revisions to the model solar ordinance developed by DEQ and develop better guidance for local governments.

As an example of one of many issues localities are facing, Mr. Fogel indicated there was guidance from the Department of Conservation and Recreation (DCR) regarding the use of pollinator species and noxious vegetation species at solar farms as part of the PBR process; but that there is a lack of clarity in how localities should address these guidelines in their land use ordinances. This has led to lack of consistency for solar developers faced with varying ordinances across the state.

Fogel said he was planning a follow-up meeting for soon after the adjournment of the General Assembly and invited members of the Authority to participate.

Hayes Framme asked a question regarding guidance in regards to whether solar energy would affect a county's composite index, which effects school funding. Jonah indicated that even though the Department of Taxation issued a letter ruling to Mecklenburg and Halifax Counties indicating no negative impact on the composite index, this information had not yet been written into a specific guidance document addressing how the composite index is calculated, where the thresholds are regarding when the counties do the valuation of the solar equipment versus the State Corporation Commission (SCC) doing the valuation do it. Generally speaking, there are multiple entities (SCC, Taxation, localities) that provide information from their own perspectives that need to be summarized in a single guidance document.

Permit By Rule Update

Beth Major with DEQ indicated there were an additional 180 megawatts (MW) that came into operation since the November Authority meeting, leading to just over 300 MW total. Notices of intent continue to be submitted to DEQ, who has issued a total of 16 permits (115 solar and one wind power). Beth said she had two permits under active review, and an additional eight that are in public comment, which is critical as it's one of the last requirements before an applicant can submit their permit package to DEQ for review.

Ms. Major then addressed the issue broached in the previous presentation regarding DCR guidance for use of pollinator vegetation species and its relationship to storm water management. She explained that in Virginia, if the land surrounding a solar installation is mowed more than twice a year, it cannot be classified as "open space" for the purposes of storm water permitting. Instead it is classified as "managed turf", which can result in unforeseen and significant additional costs for the developer to install drainage, storage ponds, etc. Pollinator and other appropriate seed mixtures that don't grow tall enough to require excessive mowing, while more expensive up front, can more than offset the cost of storm water management coupled with the cost for constant mowing.

While the use of pollinator species may make it easier for a developer to receive their storm water permit, questions are being raised as to whether there will be sufficient supplies of seeds because of the number of sole farms planned, as well as competing large scale projects such as the two gas pipelines planned for Virginia.

Jonah Fogel asked Beth Major, in regards to the PBR process, how and when a locality receives information about a solar project and possible mitigating recommendations, and the nature of recommendations from the state versus the local ordinances. Ms. Major stated that right now, she doesn't know when solar projects are being developed. A developer must submit a Notice of Intent (NOI) to apply for a permit from DEQ, but the regulation does not stipulate when DEQ

is to receive the NOI, claiming cases where DEQ receives the NOI one week and a complete application package the following week. This indicates the localities are finding out about projects long before DEQ.

Discussion to Draft Work Plan

Cliona Robb recommended that because there was no quorum, the work plan discussion be postponed for a future meeting. Hayes Framme asked that if the work plan was to be a priority at a future meeting that sufficient time be allocated and the meeting focus solely on it, with no outside presentations. Members present agreed.

Proposed Carbon Rule

Several members interested in possible comments on the carbon rule were not present at the meeting. As such, Ms. Robb asked members present to provide guidance to staff before the next meeting on what non-technical comments a letter might contain. Assuming a quorum at the next meeting, the group will discuss whether or not to even submit comments, and if so, what the comment letter would contain.

Hayes Framme then gave a high-level overview on the proposed carbon regulations. He explained how Virginia would participate with, but not become a member of, the Regional Greenhouse Gas Initiative (RGGI). He described how emission allowances would be distributed to carbon emitters with generation facilities of 25 megawatts and above, who would in turn be required to auction these allowances on the RGGI market and use the proceeds to implement carbon reduction initiatives. Five percent of total allowances would be set aside for DMME, who would, through a contracted agent, auction their allowances and likewise use the revenue for CO₂ reduction initiatives.

Tony Smith with Secure Futures raised a question about whether, in light of Pennsylvania no longer allowing the sales of out-of-state solar renewable energy credits (SRECS), Virginia might consider using funds from the sale of emission allowances to support domestic distributed solar generation by purchasing SRECS generated in the Commonwealth.

John Warren indicated that to the best of his knowledge the current plan is to just buy and sell CO₂ allowances in the RGGI marketplace, and that he did not know what it would take (a legislative fix?) to create a complimentary SREC program.

Cliona Robb asked whether DEQ could implement an SREC program under its existing authority, but no answer was offered. She reminded those present that there is an opportunity during the public comment period to provide comments recommending that DEQ implement an SREC program.

Planning for next meeting

Ms. Robb emphasized the need for a solid quorum at the next meeting to discuss the work plan and any comments on the proposed carbon regulations before the end of the public comment period, which was mistakenly reported to be March 9. The actual deadline is, in fact, April 9. Staff will compile all member suggestions and redistribute to the group in advance of the next meeting.

PUBLIC COMMENTS

Vice Chair Robb opened the floor for public comments. Noel Einolf asked several questions regarding net metering, including:

- the genesis of the 1% cap on net metered installations
- what happens when a utility reaches the 1% cap
- why his utility limited the size of his solar installation to the energy usage of his home, and
- Why Virginia does not offer any financial incentives like other states.

Authority members addressed each of these questions in turn to the satisfaction Mr. Einolf.

ADJOURNMENT

The meeting adjourned at 3:05 p.m.