



September 7th, 2012

Washington Utilities and Transportation Commission
Chairman Jeffrey Goltz
Commissioner Pat Oshle
Commissioner Phillip Jones
1300 S. Evergreen Park Drive SW
Olympia, WA 98504

Re: Review Standards for Interconnection with Electric Generators in WAC 480-108 Docket UE-112133,
Comments on Workgroup Proposed Model Rules

Chairman and Commissioners,

SolarCity has been following docket UE-112133 as well as the outcomes of the Interconnection Standards Workgroup meetings that have been convened and we are interested in commenting on the definition of a customer generator as set forth in the model rules outlined by the Workgroup.

SolarCity is a national clean energy services provider that has been operating in the Northwest since 2009. We offer both solar installation and energy efficiency services to homeowners throughout the country. Through our services, we make it easy for customers to switch to cleaner energy by taking a comprehensive look at our customers' energy usage and identifying opportunities for improvement.

Up until this point, SolarCity's participation in the Washington solar market has been limited primarily by the programs and policies currently in place. However, we are interested in expanding our business in the state and bringing with that growth all attendant jobs, investment and economic development. We also hope to provide more home and business owners with access to affordable solar and energy efficiency services.

To date, SolarCity's most popular option for home and business owners who are interested in installing solar has been our SolarLease™ whereby the customer pays little to no money upfront and receives a solar installation on their roof in return for monthly lease payments or power purchases. This model has proven incredibly effective at increasing access to solar by homeowners who might not have otherwise been able to afford it.¹ Without the availability of financing for solar installations, only the very wealthy have access to this technology. In mature solar markets such as California, Arizona and Colorado,

¹ Drury, E., et al., The transformation of southern California's residential photovoltaics market through third-party ownership. Energy Policy (2012), doi:10.1016/j.enpol.2011.12.047

approximately 70-80% of residential solar systems are installed under either a lease or a power purchase agreement.²

However, one of the greatest barriers to distributed solar deployment in Washington is the lack of explicit authorization for leases or PPAs. According to IREC, Washington law is not clear on whether or not third party ownership is permitted in the state. Without clarification of this model's regulatory status, investors in such models are unable to provide access to the financing needed to offer it to consumers.

SolarCity encourages the UTC to amend the definition of a customer generator to include third party owners. We have been led to understand that this definition has been left open to the possibility of inclusion of third party ownership. However, the Workgroup was unable to come to a final agreement during the time they were allotted and therefore any explicit reference to third party ownership was left out of the final draft rules. SolarCity believes that the UTC has the authority to make a final determination on this issue for all of the Investor Owned Utilities in the state and we encourage the Commission to address third party ownership in the current rulemaking.

Clarifying regulations for third party owners has been listed by the National Governor's Association as one of the top ten state policy innovations that can help advance renewable energy goals.³ It is especially compelling because third party ownership is a revenue neutral policy change that can significantly expand access to distributed solar by those who could not otherwise afford it.

For the reasons stated above, SolarCity encourages the UTC to include third party owners in the definition of customer generators and to do so through the current rulemaking process. To fail to make a determination on this issue now will only delay making affordable solar installations accessible by a greater number of Washingtonians.

Yours Sincerely,

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² CSI Database, Arizonagoessolar.com, GTM U.S. Solar Market Insight 2012 Figure 2-8

³ National Governor's Association Issue Brief and White Paper, "Ten Trends to Track: State Policy Innovations to Advance Energy Efficiency and Renewable Energy," #7-Clarify Regulations for Third Party Owners of Solar PV