BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision 16-01-044, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 20-08-020 (Filed August 27, 2020)

COMMENTS OF SAN DIEGO COMMUNITY POWER, THE REDWOOD COAST ENERGY AUTHORITY, EAST BAY COMMUNITY ENERGY, SAN JOSE CLEAN ENERGY, AND PENINSULA CLEAN ENERGY AUTHORITY ON THE ADMINISTRATIVE LAW JUDGE'S PROPOSED DECISION REVISING NET ENERGY METERING TARIFF AND SUBTARIFFS

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TABLE OF CONTENTS

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San Diego Community Power, Redwood Coast Energy Authority, East Bay Community Energy, San Jose Clean Energy, and Peninsula Clean Energy Authority, (together, "Joint CCAs") respectfully submit these comments in response to the proposed *Decision Revising Net Energy Metering Tariff and Subtariffs*, issued on November 10, 2022 ("New PD").

I. Introduction

The Joint CCAs applaud the withdrawal of the December 13, 2021, Proposed Decision ("Original PD").[1] As noted in previous comments of the Joint CCAs, the California Public Utilities Commission ("CPUC" or "Commission") faces difficulty balancing competing statutory objectives. To recap, the challenge before the Commission is to simultaneously:

[1] *See ALJ's Ruling Withdrawing the December 13, 2021 Proposed Decision on R. 20-08-020.* https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=498526461

- Allow customer-sited renewable distributed generation to grow sustainably,
- Ensure equity, and
- Ensure that grid costs and benefits from a new net energy metering ("NEM") tariff balance out.

It is clear from comments in the record of this proceeding that the Original PD sought to do too much, too quickly. Therefore, the Joint CCAs appreciate the effort by the Commission to carefully review and revisit the record through the May 9, 2022 *Administrative Law Judge's Ruling Setting Aside Submission of the Record to Take Comment on a Limited Basis*, and ultimately through the New PD. The Joint CCAs are appreciative of many of the changes that are reflected in the New PD, and overall believe the New PD is a significant improvement over the Original PD. However, the Joint CCAs discuss below a few additional areas where there is room for improvement and clarification.

First, in outlining the transition to the Net Billing tariff, the Commission states that it would provide new NEM customers with 120 days after the adoption of this PD to secure the NEM 2.0 tariff.[2] Moreover, it would require the Joint Utilities to update their billing systems a year after the adoption of this decision.[3] This quick turnaround is concerning to the Joint CCAs from a customer service experience perspective, and the Joint CCAs instead recommend that the investor-owned utilities ("IOU's") billing systems are updated first. Once that occurs, or is near completion, the Joint CCAs propose that the sunset period begin and also be extended from 120 to 180 days. Second, the New PD also states that the Avoided Cost Calculator ("ACC") Plus

[2] *See Proposed Decision at pg. 186.*
[3] *See Proposed Decision at pg. 188.*

Adder will be funded by all ratepayers through the Public Purpose Program ("PPP") charge.[4] Since the new PD does not propose to provide an adder to San Diego Gas & Electric ("SDG&E") distribution customers, the Joint CCAs would like to seek clarification that SDG&E customers are not required to pay the Public Purpose Program ("PPP") charges to support the ACC Plus Adder in other IOU service areas. Third, in addressing the needs of low-income customers, the Commission states that an equity fund created by Assembly Bill ("AB") 209 will be available through the Self-Generation Incentive Program ("SGIP")[5][6] In addition, when conducting the evaluation of the Net Billing tariff, the Joint CCAs encourage the Commission to consider additional incentives for low-income and disadvantaged communities. [7] Finally, to better achieve the tariff's goal of ensuring equitable treatment among customer classes, the Joint CCAs ask the Commission to adjust the net billing tariff's treatment of nonresidential customers. Each of these points is discussed in further detail below.

II. The Commission Should Extend the NEM 2.0 Sunset Period Until After the IOUs' Billing Systems Are Ready for Net Billing and Allow for a 180 Day Transition

The Joint CCAs appreciate the PD's findings that NEM 1.0 and 2.0 customers should remain on their respective tariffs. This will provide clarity to existing customers that made investments in their systems prior to the issuance of the new PD. In articulating the transition to the Net Billing tariff, the Commission states that there will be five key steps that the IOUs will need to take to implement the decision, including: Step 4) a sunset period of the NEM 2.0 tariff for new customers until 120 days after the adoption of the New PD[8] and Step 5) IOU billing

[4] *See Proposed Decision at pgs. 150 and 219.*
[5] *See Proposed Decision at pg. 163-172.*
[6] *See Proposed Decision at pg. 171.*
[7] *See Joint CCA Comments submitted July 10, 2022.*
[8] *See Proposed Decision at pg. 186.*

systems overhaul "within 12 months following adoption of this decision, [...] to full implementation of the successor tariff."[9] If the New PD is adopted at the December 15, 2022 Business Meeting, all systems will need to be ready by December 15, 2023. The Joint CCAs express concern for this timing, as it is likely that this is not enough time for the Joint Utilities to undergo this system change. This concern is underscored by the record[10], specifically comments the Joint Utilities submitted, stating it would take between 12 and 24 months to update their billing systems and other necessary platforms[11].

Moreover, since the PD states that customers who complete interconnection applications after the sunset date will be on the NEM 2.0 tariff until the IOU billing systems are operationalized, this may create confusion among customers who are making the investment to install solar and storage systems. This confusion may be exacerbated in the likely event that there are delays in implementing the IOU billing system changes necessary to accommodate the Net Billing tariff. Therefore, in order to ensure the best customer service experience possible, the Joint CCAs recommend that the order of the steps be switched so the IOU billing systems overhaul be concluded prior to the sunset period and customer enrollment in Net Billing. By focusing on updating the IOU billing systems first, the Commission will ensure the least amount of customer confusion. This will account for possible delays that would otherwise affect the customer experience. As such, once the systems are ready for the Net Billing tariff, or close to ready, the sunset period can begin. The Joint CCAs further recommend that the sunset date be amended from 120 days to 180 days. This change will provide clarity to the solar industry and new customers looking to make a sound financial investment.

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[9] *See Proposed Decision at pg. 188.*

[10] *See Proposed Decision FOF at pg. 222.*

[11] *See Joint Utilities Opening Brief at pg. 101 citing IOU-01 at pg. 181.*

III. SDG&E Distribution Customers Should Not Be Required to Pay Public Purpose Program Charges to Support the ACC Plus Adder for Customers in Other Service Areas

The Joint CCAs appreciate the Commission's change from utilizing the Market Transitional Credit ("MTC") to the Avoided Cost Calculator ("ACC") Plus Adder as a glide path for the solar industry to adapt to the new system of compensating customers for the value of their exports on the ACC.[12] However, the Joint CCAs seek clarification on the funding of the ACC Plus Adder. In describing the ACC Plus values for the three IOUs, the Commission states that due to higher rates in SDG&E's service area, SDG&E residential customers will not be eligible to receive an adder.[13] The Commission further states that "funding for the adder will be provided by all ratepayers through PPP charge".[14] It is not currently clear whether the adder will be collected from ratepayers statewide, including in the SDG&E service area.

Given that the New PD acknowledges SDG&E already has incredibly high rates, it would be inequitable to require SDG&E ratepayers to pay an *additional* PPP charge to fund the adder for ratepayers in the PG&E and SCE service areas, while SDG&E customers would not be able to access the benefit of the adder.

The New PD states that it is "reasonable to collect data to monitor the affordability of the successor tariff and continued equity among customers."[15] However, equity will not be achieved if the Commission requires SDG&E distribution customers to fund the adder for customers in the PG&E and SCE service areas. While the Joint CCAs acknowledge that the PPP charge is to support broad policy goals across the state, and that this funding is often inequitably

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[12] *See Proposed Decision at pg.4.*
[13] *See Proposed Decision at pg. 148.*
[14] *See Proposed Decision at pgs. 150 and 219.*
[15] *See Proposed Decision at pg. 152.*

distributed, the particular proposal appears to be unique in that SDG&E distribution customers would be completely ineligible to benefit from the adder. Requiring SDG&E distribution customers to pay an additional charge, and not allowing them to access the benefit of that charge, because SDG&E customers already pay the highest rates, seems to be particularly egregious. Therefore, the Joint CCAs seek to clarify that the PPP funding for the ACC Plus Adder will only be collected from customers in the PG&E and SCE service areas.

IV. The CPUC Should Consider Additional Incentives for Low-Income Customers

The Joint CCAs appreciate the Commission's focus on addressing access to solar and storage systems by low-income customers. However, given the Commission's reliance on the Self-Generation Incentive Program ("SGIP") proceeding[16] and the equity fund created by Assembly Bill ("AB") 209 within that proceeding,[17] the Joint CCAs have concerns that possible delays may impact the availability of funds starting July 1, 2023. Considering the rate at which SGIP funds previously expired, the Joint CCAs encourage the Commission to specifically consider additional incentives for customers in low-income and disadvantaged communities when conducting the evaluation.[18]

V. Non-Residential Customers Should Receive the ACC Plus Adder

The Joint CCAs maintain that non-residential customers should receive the ACC Plus Adder[19] and ask the Commission to revise the new PD to apply equal treatment to both residential and non-residential customers. This revision is sound in principle and also reconciles

[16] *See R.20-05-012.*
[17] *See Proposed Decision at pg. 163-172.*
[18] *See Proposed Decision at pg. 163.*
[19] *See Joint CCA Comments submitted July 10, 2022.*

conflicting Findings of Fact ("FOF") in the Proposed Decision that inform the CPUC's decision to exempt nonresidential customers from the ACC Plus Adder.[20]

FOF 24 indicates that the Lookback Study found nonresidential customers under the NEM 2.0 tariff are not cost-effective, but also states in FOF 23 that the nonresidential sector passed several cost-effectiveness tests.[21] In addition to being cost-effective by all but one cost-effectiveness tests, nonresidential customers under NEM 2.0 pay more in bills than the cost to serve them[22]. The Proposed Decision interprets equity amongst ratepayers to translate to ensuring, "[…] the tariff is based on the generator's true costs and benefits to the grid."[23] These findings were based on the more generous NEM 2.0 decision; dropping the export compensation rate even lower further increases the amount that nonresidential customers will pay for grid services while not resolving their higher cost-of-service. Exempting nonresidential customers from an ACC Plus Adder glide path will further exacerbate the disproportionately high ratio of costs to grid benefits they currently receive.

Applying the ACC Plus Adder to nonresidential customers furthers equitable treatment based on the fact that low-income and disadvantaged communities currently do not receive the benefits they should under the current NEM paradigm. Many nonresidential customers are also members of low-income and disadvantaged communities and/or provide critical services to low-income and disadvantaged communities. Numerous CCAs assist local government agencies, such as low-income school districts, with installing NEM systems. The precipitous drop-off in

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[20] *See Proposed Decision at pgs. 190-213.*
[21] *See Proposed Decision at pg. 192.*
[22] *See Lookback Study at pg. 5.*
[23] *See Proposed Decision at pg. 138.*

export compensation to nonresidential customers will hit under-resourced government agencies, not to mention small businesses, especially hard.

The Commission relies on the Lookback Study as a way to craft a "tariff that corrects or replaces elements that resulted in negative outcomes."[24] The CPUC can achieve this end by applying the ACC Plus Adder to the commercial, industrial, agricultural, and public sectors.

VI. Conclusion

The Joint CCAs appreciate the opportunity to submit these comments on the New PD. As mentioned earlier, we applaud the withdrawal of the Original PD and the Commission taking time to thoroughly review the issues before them. Moreover, we request that the Commission revise the new PD to: i) begin the NEM 2.0 sunset period after the IOU's billing systems are ready for Net Billing and allow for a 180-day transition; ii) ensure that SDG&E distribution customers will not be required to pay PPP charges to support the ACC Plus Adder for customers in other service areas; iii) consider additional incentives for low-income customers; and iv) for non-residential customers to also receive the ACC Plus Adder.

Respectfully submitted,

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[24] *See Proposed Decision Conclusion of Law 1 at pg. 213.*

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