BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

FILED
12-20-10
04:59 PM

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	))))	Rulemaking 10-05-004 (Filed May 6, 2010)

REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO OPENING COMMENTS FILED IN RESPONSE TO SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES, AND REQUEST FOR COMMENT ON PHASE I ISSUES

MICHAEL D. MONTOYA
ANNETTE GILLIAM

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-4880
Facsimile: (626) 302-1935
E-mail: Annette.gilliam@sce.com

Dated: **December 20, 2010**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	))))	Rulemaking 10-05-004 (Filed May 6, 2010)

REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO OPENING COMMENTS FILED IN RESPONSE TO SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES, AND REQUEST FOR COMMENT ON PHASE I ISSUES

I.
INTRODUCTION

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), and the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges and Request for Comment on Phase I Issues (Ruling), dated November 9, 2010, Southern California Edison Company (SCE) respectfully submits these Reply Comments to opening comments submitted in response to the Ruling on issues in the Staff Proposal for Program Modifications to the California Solar Initiative (CSI) Program (Staff Proposal).[1]

In these Reply Comments, SCE respectfully recommends that the Commission:

- Reject the recommendations made by the Solar Alliance and the Vote Solar Initiative (Joint Solar Parties), EcoPlexus, and Recolte Energy regarding the removal of the service delivery point (SDP) as the boundary of eligibility for virtual net metering (VNM) service (Section 2.2);

[1] The following parties submitted opening comments on December 6, 2010: SCE, Pacific Gas and Electric Company, California Center for Sustainable Energy, San Diego Gas & Electric Company, the Solar Alliance and the Vote Solar Initiative (collectively, the Joint Solar Parties), EcoPlexus, Inc., SolarCity Corporation, Everyday Energy, Inc., Helio Micro Utility, Inc., EAH, Interstate Renewable Energy Council, Recolte Energy, the California Solar Energy Industries Association, and GRID Alternatives. References in these Reply Comments to these parties opening comments will be in the format of "Opening Comments of [party name]."

- Facilitate further discussions among the investor owned utilities (IOUs) and other parties before adopting the Staff Proposal to expand VNM and to create bill credit transfer (BCT) tariffs (Sections 2.3, 2.4, and 2.5);

- Reject the Joint Solar Parties' recommendation to adopt the Staff Proposal recommendation for the establishment of metrics for application processing with fines if the metric is not met (Section 3.1); and

- Adopt the recommendation of the California Center for Sustainable Energy (CCSE) and Everyday Energy to reallocate a portion of the Single-Family Affordable Solar Housing (SASH) Program's Funding to Multifamily Affordable Solar Housing (MASH) Program incentives.

II.
DISCUSSION

A. The Commission Should Reject the Recommendations Made by the Joint Parties, EcoPlexus, and Recolte Energy Regarding the Removal of SDP as the Boundary of Eligibility for VNM service (Section 2.2)

In their comments, the Joint Solar Parties recommend that the Commission adopt the definition of "Multiple Development" offered by the Interstate Renewable Energy Council as a means to limit geographically the boundary of any multitenant system, while allowing a wide range of multitenant customers to participate in renewable power:

> A "Multitenant Development" is defined as all the real property and apparatus employed in a single housing, retail, commercial or mixed-use development on contiguous parcels of land. These parcels may be divided by a dedicated street, highway or public thoroughfare or railway, so long as they are otherwise contiguous and are managed as part of the same development. This includes, but is not limited to, condominium projects, community associations, business parks, merchant associations, planned developments, and campuses.[2]

EcoPlexus also supports this proposed definition of industry groups and the Joint Solar Parties.[3] In addition, Recolte Energy recommends that the boundary for eligibility for VNM service should be the IOUs entire geographic territory.[4]

---

[2] Opening Comments of the Joint Solar Parties, pp. 2-4.
[3] Opening Comments of EcoPlexus, pp. 2-5.
[4] Opening Comments of Recolte Energy, p. 3.

The Commission should reject these proposed recommendations. Adoption of the proposed definition of "Multiple Development" would allow transfer of kilowatt hours across SDPs, which would potentially create a retail wheeling situation. As recommended in the Staff Proposal, the Commission should maintain the SDP boundary for tariffs other than those for affordable housing in order to mitigate concerns associated with retail wheeling and complex billing mechanisms.[5] As reflected in its Opening Comments, SCE supports removing the SDP limitation and permitting netting at the retail rate across any benefiting account on the same premises as long as a charge is applied to reflect the use of the IOU local distribution system is applied.[6] This simple charge helps to maintain customer indifference and prevent retail wheeling. SCE further recommends that the customer's premise, as defined in its existing tariffs, should become the new limiting point.[7]

B. The Commission Should Facilitate Further Discussions Among the IOUs and other Parties Before Adopting the Staff Proposal to Expand VNM and to Create BCT Tariffs (Sections 2.3, 2.4, And 2.5)

Several parties provided opening comments on the Staff Proposal to expand VNM and to create bill credit transfer tariffs. In its opening comments, PG&E urged the Commission to resist expanding VNM arrangements at this time and opposes creating BCT tariffs similar to the existing RES-BCT tariffs. Instead, PG&E proposes that the Commission allow solar participants to enter into standardized power purchase agreements with their respective utilities.[8] SDG&E similarly does not support expanding VNM without a greater understanding of the potential socio-economic impact.[9] In addition, SDG&E and CCSE believe that, if the Commission

---

[5] ED Staff Proposal, pp. 12-14.

[6] Opening Comments of SCE, p 16.

[7] Rule 1, Definitions, of SCE's tariffs provides the following definition of "premises":

> "All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served."

[8] Opening Comments of PG&E, pp. 6-8.

[9] Opening Comments of SDG&E, p. 4.

decides to create a BCT tariff, the tariff would need to be structured differently than the current RES-BCT. SDG&E further recommends that the BCT be reconciled with the outcome of the Commission's current AB 920 proceeding.[10] In its Opening Comments, SCE stated that it will consider expanding VNM and RES-BCT tariffs with appropriate restrictions and cost recovery.[11]

Because of the parties' differing positions on the VNM and BCT tariff issues, SCE recommends that the Commission work with the IOUs and other parties to resolve the complexities and issues associated with expanding VNM and creating BCT tariffs, before the Commission considers adopting the Staff Proposal. Further discussions are needed to develop a consistent approach among the IOUs in implementing the proposed tariff changes.

C. The Commission Should Reject the Joint Solar Parties Recommendation to Adopt Metrics for Application Processing (Section 3.1)

In their opening comments, the Joint Solar Parties generally support the Staff Proposal's recommendations for the establishment of metrics for all processing categories and fines if the proposed metrics are not met. Moreover, the Joint Solar Parties recommend that the Staff Proposal be revised to distinguish between incentive payments under the Expected Performance Based Buydown (EPBB) and Performance Based Incentive (PBI) payment methods. The Joint Solar Parties recommend that 95% of EPBB systems be processed within 21 days and that the Staff Proposal recommendation that 95% of PBI systems be processed within 30 days remain as proposed.[12]

The Commission should reject the Joint Solar Parties recommendation. While SCE recognizes the Joint Solar Parties support of the recommendation of the Staff Proposal, SCE reiterates its position that metric-driven standards will further stress the already limited administrative budget. In order to meet the very high standards recommended by the Staff Proposal in times of peak volume application submittals, the Program Administrators (PAs) will

---

[10] Opening Comments of SDG&E, p. 5.
[11] Opening Comments of SCE, pp. 16-17.
[12] Opening Comments of the Joint Solar Parties, pp. 7-9.

have to be staffed to meet the maximum amount of applications at all times to ensure that they do not incur any penalties. This will unnecessarily increase administrative costs during periods when the volume of applications received is less than the maximum. Moreover, the Staff Proposal's recommendation for penalties is one-sided in that it creates a downside, but no upside when the PA achieves very high processing standards. The PAs should always strive for better application processing times, while maintaining cost efficiency.

The PAs have already worked with Energy Division (ED) to implement many changes to processing procedures to address application delays, and they will continue to do so without the need to increase program costs due to potential threats of penalties. The Commission should reject the recommendations of the Joint Solar Parties and the Staff Proposal in favor of an approach that calls upon all stakeholders to work together to continuously improve processing times. This should include coordinated efforts of the PAs and ED working together to improve application processes through the continued transfer of best practices among the PAs and by working closely with the solar industry to reduce the number of repeat application errors the industry makes. This approach will be much better for the CSI program than applying penalties for not meeting very high application processing times.

D. The Commission Should Adopt the Recommendation of CCSE and Everyday Energy to Reallocate a Portion of SASH Program Funding to MASH Incentives (6.6)

Both CCSE[13] and Everyday Energy[14] support reallocating a portion of the SASH Program's funding to fund MASH incentives. SCE urges the Commission to adopt this recommendation. Dollar for dollar, the MASH program delivers more solar energy to the grid than the SASH program, making it a more efficient program and a better investment for ratepayers who fund both programs. Furthermore, MASH Track 1 is fully subscribed. CCSE points out, D.08-10-036 states that the low income portion of the CSI program should be

---

[13] Opening Comments of CCSE, p. 26.
[14] Opening Comments of Everyday Energy, p. 7.

continually monitored for participation and the Commission can adjust either program's budget if participation rates warrant a different budget allocation.

In addition, Senate Bill (SB) 1, which set aside 10 percent of the CSI incentives for low income customers, did not distinguish between single-family and multi-family low income customers in establishing the 50/50 funding allocation between the two programs. Therefore, SCE supports the recommendation to reallocate some SASH Program funding to fund MASH incentives at a sufficient level that will continue to allow the MASH Program to flourish in providing incentives for future participants for the life of the program.[15]

III.
CONCLUSION

SCE appreciates the opportunity to submit these Reply Comments and looks forward to collaboratively working with the Commission and other stakeholders in implementing positive changes to the CSI program, as the CSI Program Administrator in its service territory.

Respectfully submitted,

MICHAEL D. MONTOYA
ANNETTE GILLIAM

/s/ Annette Gilliam
By: Annette Gilliam

Attorneys for
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-4880
Facsimile: (626) 302-1935
E-mail: annette.gilliam@sce.com

December 20, 2010

[15] Set by statute to expire on December 31, 2015.

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338 E) TO OPENING COMMENTS IN RESPONSE TO SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES, AND REQUEST FOR COMMENT ON PHASE I ISSUES** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an address.

Executed this **20th day of December, 2010**, at Rosemead, California.

/s/Alejandra Arzola
Alejandra Arzola
Project Analyst
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
Rosemead, California 91770