BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.	Rulemaking 12-06-013 (Filed June 21, 2012)

RESIDENTIAL RATE PROPOSAL OF THE INTERSTATE RENEWABLE ENERGY COUNCIL, INC. FOR A CLEANCARE PILOT PROGRAM AND LIMITED COMMENTS ON NET ENERGY METERING IMPACTS

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Pursuant to the Administrative Law Judge's March 19, 2013 Ruling Requesting Residential Rate Design Proposals (March 19 Ruling), the Interstate Renewable Energy Council, Inc. (IREC) respectfully submits its proposal for a "CleanCARE" pilot program that would provide an alternate means of providing affordable rates for CARE-eligible customers, while providing more accurate price signals to participating customers and additional benefits to other ratepayers. IREC acknowledges that consideration of the CleanCARE proposal might be more appropriate in another proceeding, such as the ongoing shared-solar proceedings of Pacific Gas & Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E), but respectfully suggests that this proceeding could provide an efficient forum to design such a residential rate pilot program for all investor-owned utilities.

Additionally, IREC appreciates the opportunity to share how it intends to work with other parties to assess the impact of the various parties' rate proposals on existing net energy metering (NEM) customers.

I. CleanCARE Provides a Mechanism to Promote Clean, Renewable Technologies and Energy Efficiency While Providing Wider Benefits to all Ratepayers.

This proceeding encourages parties to question the fundamentals of a residential rate structure that has been in place in California for over a decade, all while preserving important principles moving forward.[1] One of these important principles is that low-income and medical baseline customers should continue to have access to enough electricity to ensure that basic needs are met at an affordable cost.[2] Other important principles are that rates should, to the maximum extent possible, be based on marginal cost[3] and cost-causation[4] in order to encourage customers to make rational and efficient decisions regarding energy usage, including conservation.[5] Additionally, it is a principle of this proceeding that state policy goals, which would include the increased use of renewable generation and energy efficiency consistent with the loading order, are not trumped by dogmatic application of other principles of rate design.[6] The Order Instituting Rulemaking addresses the fact that several renewable energy goals are impacted by rate design, including the Renewables Portfolio Standard, the California Solar Initiative, and the state's NEM policies.[7] CleanCARE is appropriate for this proceeding because it furthers the state's renewable energy goals while advancing several of these core rate design principles.

IREC's CleanCARE proposal is offered to begin conversation on producing an option for

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[1] March 19 Ruling, Attachment A-1.

[2] *See* March 19 Ruling, Attachment A-1 (Principle #1): "Low-income and medical baseline customers should have access to enough electricity to ensure basic needs (such as health and comfort) are met at an affordable cost."

[3] *See* March 19 Ruling, Attachment A-1 (Principle #2): "Rates should be based on marginal cost."

[4] *See* March 19 Ruling, Attachment A-1 (Principle #3): "Rates should be based on cost-causation principles."

[5] *See* March 19 Ruling, Attachment A-1 (Principle #4): "Rates should encourage conservation and energy efficiency."

[6] *See* March 19 Ruling, Attachment A-1 (Principle #7): "Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals." *See also* D.11-05-047 at 48 (rejecting elimination of Tier 4 in PG&E's residential rate design in order to reflect cost-causation because doing so would also "impede progress toward achieving the CSI goal of creating a self-sustaining residential solar PV market.").

[7] *See Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations* at 7, R.12-06-013 (Issued June 28, 2012).

eligible customers that would, in accordance with the underlying rate design recommended by the Commission in this proceeding, provide an alternative to the current CARE discount that better harmonizes the CARE program with other state energy policy priorities.

IREC's CleanCARE proposal, which is attached as Appendix A, would present a new CARE rate option that would continue to provide low income and medical baseline customers access to affordable electricity while providing a direct connection for CARE participants and renewable energy. The heart of the CleanCARE proposal is that a portion of the CARE subsidy would be allocated to the development of shared renewables coupled with energy efficiency upgrades and, possibly, demand response and energy storage. All of this would be done in a manner that achieves the same or better bill discounts for enrollees while also better aligning the CARE program with California's other demand-side management efforts. CARE customers electing the CleanCARE option would be offered energy efficiency improvements to lower their overall energy consumption and bill credits stemming from a shared distributed generation that would offset a portion of their monthly bills, with the purpose of putting customers in a better or equivalent position as they would be under the current CARE discount. IREC's proposal would bring the benefits of investing in renewable energy to low-income customers and communities, while retaining the principle of affordable energy for low-income and medical baseline customers.

IREC acknowledges that CleanCARE is a concept that may have resonance in other ongoing and future proceedings at the Commission, but encourages the Commission to take up consideration of the CleanCARE pilot as part of this proceeding. IREC believes that CleanCARE has the potential to achieve several of the principles outlined in this proceeding, as well as to advance significant other priorities such as adherence to the loading order and greater use of distributed generation. Accordingly, IREC intends this initial proposal document to provide a starting point for discussions with other parties on how this proposal operates with the various rate proposals advanced in this proceeding. IREC suggests that the CleanCARE proposal could remain a relevant consideration even if the future rate design includes a shift towards time-of-use pricing or results in fewer rate tiers for all customers. IREC anticipates that the CleanCARE proposal will retain its vitality even with modifications to the current CARE program, itself.

IREC is interested in fostering direct and open dialogue with other parties regarding how a CleanCARE program could work. Should the Commission choose to defer or recommend

consideration of the CleanCARE program in another proceeding, IREC stands ready to pursue its proposal in that other forum. IREC suggests, however, that taking up consideration of IREC's CleanCARE proposal in this proceeding has the advantage of allowing the Commission to efficiently address development of a CleanCARE pilot for all investor-owned utilities in one proceeding.

II. IREC Offers Other Parties a Collaborative Approach to Quantify Rate Design Impacts on Existing NEM Customers

IREC's primary interest in entering this proceeding was to ensure that the impacts of residential rate proposals would be effectively modeled so that the Commission had a full record to meaningfully consider whether rate proposals will "prematurely limit the future structure of the residential NEM program."[8] IREC is pleased that the Commission has clarified its intent to consider impacts on NEM customers in this proceeding in the "Residential Rate Design Proposal Instructions," requiring parties to explain how their proposals would "affect the value of net energy metered facilities for participants and non-participants compared to current rates."[9]

IREC is not submitting its own comprehensive residential rate design proposal, but is instead offering to work closely with the various parties submitting rate proposals. IREC is offering to provide technical assistance and to help to further assess the impact of those rate proposals on NEM customers, as parties submitting rate design proposals are directed to do by question 3 in Attachment A to the March 19 Ruling.[10] In support of this effort, IREC has examined and extended the NEM impact evaluation plug-in provided by SCE as an add-on to their residential rate and bill impact calculator. In order to provide additional value to parties and the Commission, IREC has sought and has received access to data from Southern California Edison Company (SCE), PG&E, and SDG&E that will help IREC examine the potential impacts of the different rate design proposals in this proceeding on NEM customers. IREC appreciates the early cooperation from SCE, PG&E and SDG&E and looks forward to working closely with the utilities moving forward to discuss our modeling of their rate proposals on NEM customers.

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[8] *See* Administrative Law Judge's Ruling on Workshop at 9 (January 31, 2013).
[9] March 19 Ruling, Attachment A-2.
[10] March 19 Ruling, Attachment A-2 (Question #3): "How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants compared to current rates?"

As of the time of this filing, IREC and its technical consultant, MRW & Associates, have contacted several parties regarding their rate design proposals and intends to work collaboratively with all parties submitting proposals to assess the respective NEM impacts. IREC has already begun to make preliminary assessments of proposals from the Solar Energy Industries Association and Sierra Club. IREC intends to make a comprehensive presentation of the results of this modeling in its opening comments on parties' rate proposals, currently scheduled for July 1, 2013. IREC welcomes the opportunity to discuss its findings on the rate proposals with parties prior to that date.

III. CONCLUSION

IREC respectfully submits its CleanCARE proposal and encourages the Commission to consider the merits of corresponding pilot program within this proceeding. IREC also invites dialogue and collaboration with other parties as we begin to model the impacts of party proposals on NEM customers.

Respectfully submitted at San Francisco, California on May 29, 2013,

By /s/ Jason B. Keyes

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