

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking on the Commission's own motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011
(Filed September 22, 2011)

**THE OFFICE OF RATEPAYER ADVOCATES' COMMENTS
ON PROPOSED DECISION GRANTING THE JOINT MOTIONS
OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E),
SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E), AND
PACIFIC GAS AND ELECTRIC COMPANY (U 39-E)
TO APPROVE PROPOSED REVISIONS TO ELECTRIC TARIFF RULE 21**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Office of Ratepayer Advocates (ORA) submits the following comments on the Proposed Decision (PD) of Administrative Law Judge Maribeth Bushey, dated February 16, 2016. The PD grants the joint motions of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE), (collectively IOUs) to modify Electric Tariff Rule 21 to: (1) provide earlier and more reliable interconnection cost information to electric generation developers, and (2) set forth the process for analyzing requests for interconnection of electricity storage devices. The PD also grants, in part, a Fixed Price Option for interconnection cost. ORA supports the PD but recommends that:

- the PD be modified to clarify that the interconnection applicant shall pay 10% and the utility's shareholders shall pay 90% of any cost overruns incurred under the Fixed Price Option¹. This clarification will avoid ambiguity in the implementation of the Fixed Price Option. Proposed Finding of Facts, Conclusions of Law, and Ordering Paragraph are enclosed as Attachment 1.

II. DISCUSSION

On April 1, 2015, the IOUs filed a Joint Cost Certainty Proposal¹ to interconnect applicants' energy resources to their distribution grid at a fixed price. On May 8, 2015, the IOUs proposed that any difference either due to over-collection or under-collection be trued up in customer rates through the normal General Rate Case (GRC) capital work order process. While there were differences in the details of the ratemaking treatment by the IOUs for the recovery of cost overruns, the end result remained that ratepayers and not the interconnection applicants or the IOUs paid for the cost overruns.

¹ Motion of Southern California Edison Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company Proposing Rule 21 Tariff Language Implementing Joint Cost Certainty Proposal; April 1, 2015.

ORA opposed the IOUs proposed ratemaking for cost overruns on projects subject to the Fixed Cost Option on the basis that cost recovery follows cost causation and that allocating cost overruns to ratepayers is at odds with the Commission's ratemaking principles. The ALJ agreed with ORA and denied the IOUs' ratemaking proposal for cost overruns of projects under the Fixed Price Option because it is inconsistent with Commission's ratemaking principles and unreasonable.² Thus, the PD ordered that:

The April 1, 2015, joint motion of Southern California Edison Company, San Diego Gas and Electric Company, Pacific Gas and Electric Company, regarding adding a Fixed Price Option to Electric Tariff Rule 21 is granted insofar as the proposed revisions to Tariff Rule 21 are concerned; the proposed ratemaking for cost overruns contemplated by the motion is denied. Southern California Edison Company, San Diego Gas & Electric Company and Pacific Gas and Electric Company are authorized to file Tier 2 Advice Letters adding the Fixed Price Option to Tariff Rule 21. Any such Advice Letter must affirmatively demonstrate that ratepayers are not allocated interconnection cost over runs.³

ORA concurs with the PD, but recommends that the PD be modified to clarify that the interconnection applicant shall pay 10% and the IOUs shareholders shall pay 90% of any cost overruns incurred under the Fixed Price Option. This recommendation is consistent with ORA's recommendation in its previous filing.⁴ Recommended proposed Finding of Facts, Conclusions of Law, and Ordering Paragraph are enclosed as Attachment 1 to this comment.

² PD, Conclusions of Law #3.

³ Id., OP #4.

⁴ The Office of Ratepayer Advocates' Reply to Comments on the Motion and Supplement to the Motion of Southern California Edison Company (U 338-E), San Diego Gas & Electric Company (U 902-E), and Pacific Gas and Electric Company (U 39-E) Proposing Rule 21 Tariff Language Implementing Joint Cost Certainty Proposal; June 8, 2015.

III. CONCLUSION

For the foregoing reasons, ORA recommends that the Commission adopt the PD with ORA's recommended modifications included in Attachment 1.

Respectfully submitted,

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ATTACHMENT 1

Proposed Finding of Facts, Conclusions of Law, and Ordering Paragraph

ORA recommends the following Proposed Finding of Fact, Proposed Conclusion of Law, and Proposed Ordering Paragraph. The proposed language is in red font.

Proposed Finding of Fact

16. The Fixed Price Option is reasonable as reflected in the April 1, 2015 motion, other than as regards ratemaking treatment for cost overruns. For cost overruns incurred under the Fixed Price Option, the interconnection applicant should pay 10% and the utility's shareholders shall pay 90% of any cost overruns.

Proposed Conclusion of Law

4. The Fixed Price Option is reasonable, other than as regards ratemaking treatment for cost overruns, as reflected in the April 1, 2015 motion and should be approved. For cost overruns incurred under the Fixed Price Option, the interconnection applicant should pay 10% and the utility's shareholders shall pay 90% of any cost overruns.

Proposed Ordering Paragraph

5. For cost overruns incurred under the Fixed Price Option, the interconnection applicant shall pay 10% and the utility's shareholders shall pay 90% of any cost overruns.