

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric  
Company to Revise Its Electric Marginal  
Costs, Revenue Allocation, and Rate Design.

Application No. 16-06-013  
(Filed June 30, 2016)

**PROTEST OF THE ALLIANCE FOR SOLAR CHOICE**

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August 15, 2016

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Alliance for Solar Choice (“TASC”) hereby protests the relief sought in the above-captioned Application of Pacific Gas and Electric Company to Revise its Electrical Marginal Costs, Revenue Allocation, and Rate Design (“Application”).<sup>1</sup>

**I. THE ALLIANCE FOR SOLAR CHOICE**

TASC leads advocacy to protect consumers’ ability to choose the source and content of their electricity in California and across the country. Founded by the nation’s largest rooftop solar companies, TASC maintains a diverse membership of national and local installers, including Geostellar, Inc., LGCY Power, REPOWER by Solar Universe, SunTime Energy, Sunrun, Lightwave Solar, Palmetto Solar, Sunvest Solar Inc., Convergence Energy, HH Solar, Rising Sun Solar and Electric, Horizon Solar Power, Sun Peak, Premier Solar Solutions, and Delta Energy + Design. Many of these companies and their partners are leading distributed energy resource (“DER”) service providers in California, are responsible for tens of thousands of residential, school, government and commercial DER installations in the State, and collectively employ thousands of Californians. TASC’s members are committed to ensuring California’s citizens have a viable choice in energy providers that offer near-term, low-cost, and customer-

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<sup>1</sup> *General Rate Case Phase II Application of Pacific Gas and Electric Company*, A.16-06-013 (June 30, 2016) (hereinafter, “Application”).

based solutions to integrate renewable energy resources and improve operational efficiencies. These solutions will help preserve the health of the DER industry and benefit the public interest at large.

## II. EFFECT OF THE APPLICATION ON TASC’S INTERESTS

Pacific Gas and Electric Company (“PG&E”) filed the Application to ask the Commission to adopt PG&E’s proposals to revise its electric marginal costs, revenue allocation, and rate design.<sup>2</sup> Included within the Application are a number of proposals directly applicable to TASC’s interests, including but not limited to the following:

- Revisions to PG&E’s time-of-use (“TOU”) periods and summer season,<sup>3</sup> and
- The creation of a new optional residential TOU rate schedule, E-DMD, which carries a customer charge of \$4.00, a non-coincident peak demand charge of \$8.50/kW and a year-round peak period of 5-10 pm.<sup>4</sup>

These issues have a direct and substantial effect on the interests of TASC, its members and their customers. TASC members’ business operations include planning, developing, installing, selling or leasing, monitoring and maintaining solar and solar-storage energy systems. California’s approach to promoting customer adoption of these grid-beneficial DER systems is net energy metering, where onsite generation allows customers to both avoid purchasing retail energy from PG&E and also earn bill credits at PG&E’s retail electric rates for energy exported beyond a customer’s premises.<sup>5</sup> Proposals to revise TOU periods to create different retail prices at different times of the day or year, and to pilot an E-DMD schedule allegedly designed to create incentives to install DER, will affect the value proposition for existing and future DERs by

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<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Id.* at *Prepared Testimony, Volume 1*, pp. 4-6 to 4-8 and 4-20 to 4-26.

<sup>4</sup> *Id.* at *Prepared Testimony, Volume 1*, pp. 4-22 to 4-23.

<sup>5</sup> *See, e.g., Decision Adopting Successor to Net Energy Metering Tariff*, D. 16-01-044, R.14-07-002, p. 86 (Feb. 5, 2016).

modifying the price signals that inform customers' decisions to invest in such systems. Thus, the Commission's resolution of the Application will impact TASC, its members and their customers, creating a direct and substantial financial interest in the outcome of the proceeding.

### III. PROTEST

#### A. The Application's proposed E-DMD pilot rate is unreasonable and deficient.

PG&E's requested authority to implement the E-DMD pilot is unjustified. PG&E's characterization of the E-DMD rate design, specifically that it will "incent the installation of battery storage technology to allow solar electricity to be stored when it is plentiful and used when it is not, later in the evening" is unsupported and unlikely to be true.<sup>6</sup> Few customers will adopt E-DMD in order to deploy storage for a number of reasons, including:

- The E-DMD rate design includes a demand charge. Demand charges generally are inappropriate for residential customers, including those with storage, because customers find them confusing.
- The small spread in the E-DMD between winter peak and off peak rates, combined with an 8-month winter period, fails to send the right price signals for customer to install onsite storage.
- The inclusion of a demand charge in E-DMD makes it unattractive compared to well-designed TOU rates. That is, better means than the E-DMD exist to send the right price signals to customers to design, install and operate DERs in a manner that maximizes system benefits, *i.e.*, to allow "solar electricity to be stored when it is plentiful and used when it is not."<sup>7</sup>

For these reasons, the E-DMD will fail to promote the installation of battery technology and provide the system benefits the Commission seeks from such resources.

Moreover, as a general principal, demand charges should be coincident with system peak, thereby reflecting how grid infrastructure investments are actually made and ensuring cost-

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<sup>6</sup> Application at *Prepared Testimony, Volume 1*, p. 4-23.

<sup>7</sup> *Id.*

causation and other rate design principles are met.<sup>8</sup> The E-DMD utilizes a non-coincident demand charge.<sup>9</sup> It makes little sense to apply non-coincident demand charges to a customer whose peak usage occurs when plenty of system capacity exists to meet that customer's demand. TASC does not support the inclusion of demand charges in the E-DMD rate schedule, but if the Commission elects to move forward with such a pilot, the demand charge should be based on coincident peak.

#### **B. Other Issues**

TASC reserves the right to address other issues in PG&E's filing that are not addressed in this protest or are raised by other parties to this docket. Of particular concern to TASC is the impact of PG&E's proposed residential TOU periods and seasons on existing and future DER owners, and whether in making those changes PG&E took into account the appropriate marginal costs. TASC continues to review the Application and will provide testimony and comments on this and other issues, as appropriate.

#### **IV. CATEGORIZATION OF PROCEEDING, NEED FOR HEARINGS AND PROPOSED PROCEDURAL SCHEDULE**

TASC agrees that this proceeding should be categorized as a ratesetting and that evidentiary hearings likely are required. At this time, TASC has no objections to PG&E's proposed procedural schedule.

#### **V. COMMUNICATIONS**

TASC consents to "email only" service and requests that the following individual be added to the service list for A. 16-06-013 on its behalf:

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<sup>8</sup> *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, and Transition to Time-of-Use Rates*, D.15-07-001, R.12-06-013, at pp. 27-28 (Jul. 3, 2015) (citing Bonbright, James C., *Principles of Public Utility Rates*, Columbia University Press, New York NY, 1961.).

<sup>9</sup> Application at *Prepared Testimony, Volume 1*, pp. 4-22 to 4-23.

**(Party Representative)**

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**VI. CONCLUSION**

For the foregoing reasons, TASC requests the Commission reject the proposed E-DMD pilot and ensure that PG&E's residential TOU periods support the health of the solar industry.

Respectfully submitted at Oakland, California,



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