

**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 16-06-013
(June 30, 2016)

**PRE-HEARING CONFERENCE STATEMENT OF THE
CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION**

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September 9, 2016

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The California Solar Energy Industries Association (CALSEIA) respectfully submits this statement pursuant to *Administrative Law Judge's Ruling Setting Prehearing Conference; Inviting Prehearing Conference Statements; and Setting Residential Fixed Charge Workshop*, issued at the California Public Utilities Commission (Commission) on September 1, 2016, regarding the General Rate Case (GRC) Phase 2 application of Pacific Gas and Electric (PG&E).

1. Scope of Issues

CALSEIA believes that the following issues should be included in the scope of the proceeding.

TOU Periods

PG&E has proposed to move the start of the summer peak period for non-residential time-of-use (TOU) rate schedules by five hours, with a proposed 5-10 pm peak period replacing the current 12-6 pm peak period. PG&E also proposes to create a super off-peak period in March-May and to shorten the summer season from six months to four. This proceeding must carefully analyze the methodology that PG&E uses to justify these changes. Some of that scrutiny can begin immediately, but the Commission should expect further scrutiny to follow the

forthcoming decision in R.15-12-012, which is intended to create methodological guidelines for setting TOU periods.

These changes would have major impacts on customer bills, on the ability of current NEM customers to realize expected savings from their investments, and on the opportunity for customers to take steps to change their load patterns in the future. Those impacts will need to be evaluated from a policy perspective.

Demand Charges

In PG&E's previous GRC, the Commission approved PG&E's proposal to limit eligibility for Schedule A-6 to small commercial customers and exclude medium commercial customers. This introduced two questions. The first is whether PG&E's threshold of 75 kW is the appropriate threshold between the small and medium commercial classes. The second is whether a new rate should be created to replace A-6 for medium commercial customers. The Commission recognized it did not have sufficient information to make those determinations and ordered PG&E to conduct a study to inform the following GRC. D.15-08-005 directed PG&E to perform "an exhaustive examination on the question of the relevant and appropriate demand charge or charges, if any, that should be imposed on small and medium commercial customers depending on their level and pattern of demand."¹

PG&E has taken this opportunity to compare types of demand charges and propose an annual peak demand charge, and has yet to address the appropriate application of those demand charges to different categories of utility costs. CALSEIA intends to challenge the methodology used by PG&E to discard monthly peak-coincident demand charges and monthly demand

¹ D.15-08-005 at p. 26.

charges in favor of annual peak demand charges and to examine the customer impacts of PG&E's proposed new rate structure.

PG&E states that it will include additional analyses in a supplemental filing.² CALSEIA cannot comment on analysis that has not been completed, but the Commission should expect parties to contest the application of demand charges in proportion to energy charges and fixed charges in rate structure. This question will need to be addressed separately for NEM and non-NEM customers, as PG&E acknowledges.³ In addition to using the results of PG&E's study, the Commission will need to consider other evidence of cost causation as well as bill impacts and anticipated customer reaction to rate design from a policy perspective.

Storage-Enabling Rate

PG&E proposes two new rates, E-DMD and A-1 DMD, "to 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."⁴ CALSEIA agrees that PG&E should create rates with this purpose, but does not think PG&E's proposed rate structure will be effective. CALSEIA intends to propose different rate structures that will effectively incent residential and small commercial customers to install energy storage systems.

A-6 Pilot

CALSEIA is examining PG&E's proposal to eliminate A-6 eligibility for customers with maximum demand higher than 500 kW on the A-6 pilot program to determine if there are types of customers that would be unreasonably harmed by this action.

² PG&E Prepared Testimony at Appendix C, p. C-32.

³ *Ibid.*

⁴ PG&E Prepared Testimony at p. 4-23.

Residential Fixed Charge

The Commission must decide in this proceeding which types of utility costs are fixed costs, and of those which costs should be recovered with a fixed charge on residential customers. In its testimony, PG&E takes a short-term view of which of its costs are fixed. CALSEIA will urge the Commission to only consider marginal customer costs as a basis for potential residential fixed charges and will examine PG&E's methodology for calculating its marginal customer costs.

2. Categorization and Need for Hearings

CALSEIA believes ratesetting is the appropriate categorization of this proceeding and that evidentiary hearings will be necessary.

3. Discovery Issues

CALSEIA expects to conduct discovery on many aspects of PG&E's demand charge study. Because PG&E has not given an estimated completion date for the second half of that study, it cannot be known at this time how much time will be needed for that discovery or when it can commence.

Respectfully submitted this September 9, 2016 at Sacramento, California,

By: /s/ Brad Heavner
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