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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ID #14108, Item #28 (Rev. 1)

RESOLUTION E-4725

July 23, 2015

RESOLUTION

Resolution E-4725. Southern California Edison Company (SCE) deviations to Net Energy Metering (NEM) forms pursuant to Senate Bill (SB) 862 for the California Department of Corrections and Rehabilitation (CDCR).

PROPOSED OUTCOME

- This Resolution approves deviations to SCE Forms 14-744, Customer Generation Agreement, and 16-344, SCE NEM Renewable Electrical Generating Facility Interconnection Agreements applicable to CDCR.
- Approves SCE Advice Letter 3221-E, and grants the relief requested by SCE in that Advice Letter.

SAFETY CONSIDERATIONS

- The proposed deviations are only necessary to implement the unique NEM eligibility provisions granted CDCR by SB 862 and do not entail any novel safety considerations.

ESTIMATED COST

- Proposed deviations to SCE Forms 14-744 and 16-344 include references to and provisions for CDCR's responsibility for identified interconnection facilities and distribution system upgrade costs, per SB 862, but entail no net costs to ratepayers.

By Advice Letter (AL) 3221-E filed on May 15, 2015.

SUMMARY

Southern California Edison Company (SCE) requests approval of deviations to SCE Forms 14-744, Customer Generation Agreement (CGA), and 16-344, SCE Net Energy Metering (NEM) and Renewable Electrical Generating Facility (REGF) Interconnection Agreement (IA), to implement the NEM provisions of Senate Bill (SB) 862 for the California Department of Corrections and Rehabilitation (CDCR). The proposed deviations are found to complete the

implementation of the unique NEM eligibility provisions granted CDCR by SB 862, and are approved.

SB 862, signed into law by Governor Brown on June 20, 2014, amended Public Utility (PU) Code §2827(b)(4)(B) to extend NEM eligibility to CDCR-sited “renewable electrical generation technology, or a combination of renewable electrical generation technologies, with a total capacity of not more than eight megawatts (MW).” SCE Advice Letter 3093-E-A, approved May 8, 2015, contained revisions to SCE tariffs and forms necessary to implement the modifications made to PU Code §2827 by SB 862 related to certain NEM provisions applicable to CDCR. However, SCE believes deviations to SCE’s standard CGA (Form 14-744) and NEM IA (Form 16-344) are necessary in order to reflect the specific study and cost responsibility provisions of SB 862 applicable solely to CDCR, and to allow the CDCR, as the NEM eligible customer-generator, to utilize the CGA to authorize a single or multiple third-party producers to enter into the modified NEM IA. Such deviations were filed in SCE AL 3221-E, are found to complete the implementation of the unique NEM eligibility provisions granted CDCR by SB 862, and are approved.

BACKGROUND

SB 862 extended NEM eligibility to the CDCR for up to 8 MW of on-site renewable electricity generation at a single facility.

On June 20, 2014, Governor Brown signed SB 862 into law, which, in part, added CDCR to the definition of an NEM-eligible customer-generator in PU Code §2827(b)(4)(B) when using a renewable electrical generation technology, or combination of technologies, with a total capacity of not more than 8 MW. The statute included unique provisions related to:

- Interconnecting REGFs located on the CDCR’s owned, leased, or rented premises and operated in parallel with the electrical grid in order to offset part or all of the facility’s own electrical requirements;
- Limiting the instantaneous export of wind generation to 1.35 MW at all times;
- Affording an electrical corporation a prudent but necessary time to study the impacts of interconnecting an REGF at a CDCR facility with a capacity exceeding 1 MW; and

- CDCR's cost responsibility for upgrades to the transmission and distribution system, if any, arising solely from such an interconnection request as identified the aforementioned study.

SCE AL 3093-E-A contained revisions to relevant SCE tariffs and forms to implement the modifications made to PU Code §2827 by SB 862.

SCE filed Advice 3093-E-A on March 17, 2015 to implement the provisions of SB 862 in its relevant tariffs. Specifically, the following revisions were made to SCE tariffs and forms, which were approved by the California Public Utilities Commission (Commission) Energy Division on May 8, 2015 (effective September 14, 2014):

1. Schedule NEM, *Net Energy Metering*

- Special Condition 6.a.ii added to include CDCR as eligible customer-generator, referenced throughout applicable Schedule NEM sections
- Applicability section modified to reflect CDCR responsibility for Network and/or Distribution Upgrade costs, if any, stemming from the interconnection of REGFs over 1 MW, per Rule 21 Section D.13.e
- Special Condition 1 modified to allow CDCR to receive Net Surplus Compensation (NSC) for Net Surplus Energy for an REGF sized greater than 1 MW, if CDCR elects to do so

2. Schedule CGDL-CRS, *Customer Generation Departing Load Cost Responsibility Surcharge*

- Summary of Applicability and Exceptions chart modified to clarify NEM-eligible CDCR REGFs over 1 MW receive full exemption from CGDL-CRS

3. Preliminary Statement Part W, *Departing Load and Customer Generation Departing Load Cost Responsibility*

- Section 1.b *Definitions* modified to clarify the 1 MW NEM reference so that NEM-eligible CDCR REGFs greater than 1 MW receive the full CGDL-CRS exemption

4. Rule 21, *Generating Facility Interconnections*

- Section D.13.e added to implement specific interconnection provisions applicable to CDCR when requesting to install REGFs greater than 1 MW as a NEM-eligible customer-generator
 - Section E.4 and Tables E.2 and E.3 modified to reference the CDCR cost responsibility provisions specified in Section D.13.e
- 5. Form 14-906, Schedules NEM, MASH-VNM, NEM-V Net Surplus Compensation Rate and Renewable Energy Credits Compensation Selection Form**
- NSC section modified to reflect QF self-certification option applicable to CDCR REGFs sized greater than 1 MW for the purposes of receiving NSC from SCE

SCE AL 3221-E seeks approval of deviations to SCE's CGA and NEM IA forms in order for CDCR to fully utilize the unique provisions of SB 862.

In SCE AL 3093-E-A, SCE recognized that, as an NEM-eligible customer-generator, CDCR should execute an NEM IA when interconnecting REGFs under the provisions of SB 862. However, SCE acknowledged that deviations would be needed to SCE's standard NEM IA because of the specific study and cost responsibility provisions enacted by SB 862, along with deviations to SCE's standard CGA to allow CDCR to take full advantage of the unique provisions established by SB 862. SCE proposed to file the necessary deviations as a separate Tier 3 advice letter, pursuant to the provisions of Section 8.2.3 of General Order (GO) 96-B.¹ SCE AL 3221-E was filed May 15, 2015.

NOTICE

Notice of SCE AL 3221-E was made by publication in the CPUC's Daily Calendar. In accordance with Section 4 of GO 96-B, SCE served copies of this AL to the R.14-07-002, R.12-11-005, R.11-09-011, and GO 96-B service lists attached in SCE AL 3221-E.

¹ SCE AL 3093-E-A, pp. 4-5.

PROTESTS

SCE AL 3221-E was not protested. CDCR submitted a response to SCE AL 3221-E on June 4, 2015 and makes several points in support of SCE's proposed deviations to Forms 14-744 and 16-344. CDCR cites Governor Brown's Green Building Executive Order (EO) B-18-12 and the accompanying Green Building Action Plan, which set forth specific goals relating to greenhouse gas emission reductions, energy conservation, and on-site renewable energy applicable to all California State departments and agencies under the Governor's direct executive authority. Given that it accounted for 59% of the State government's total energy usage in 2013, CDCR claims it plays a critical role in meeting the goals of EO B-18-12. To this end, CDCR states that it is moving forward with REGF project development on many fronts and at many different correctional institutions around the state in order realize the intent of SB 862 and maximize the amount of facility electrical load it can partially or fully offset using on-site renewable electricity generation.

CDCR affirms that SCE 3093-E-A sufficiently implemented all of the NEM eligibility provisions authorized in SB 862, except for the ability to install multiple REGFs at a single site. CDCR maintains that it has and will continue to install renewable energy from a combination of technologies from different generators in order to fully take advantage of the power purchase agreement model recommended in the On-Site Renewable Energy Goal of EO-B-18-12. CDCR finds that the deviations to SCE Forms 14-744 and 13-644 adequately allow for multiple generators to interconnect to the grid at a single facility while still providing for SCE's safe and reliable operation of the grid, and thus requests Commission approval of SCE AL 3221-E.

DISCUSSION

According to SCE, deviations to SCE Form 14-744, Customer Generation Agreement, applicable solely to CDCR are necessary to incorporate references to the NEM tariffs and align the CGA with the provisions included in the deviated NEM IA.

According to SCE, Form 14-744 is SCE's standard CGA, which allows third-party producers to utilize a customer's electrical facilities to interconnect and operate an REGF in parallel with SCE's distribution system pursuant to a separate IA between SCE and the producer. This agreement is not normally utilized by

NEM-eligible customer-generators, but is necessary in this case, with modifications, to allow the CDCR to take full advantage of the unique provisions of SB 862. Because there may be multiple third-party producers at a single CDCR site (i.e., behind the same revenue meter or point of common coupling at a single location), a separate CGA between SCE and the CDCR will be required to authorize each individual third-party producer to install and operate an REGF at a particular site.

We agree with the need for the deviations to SCE Form 14-744 and approve the requested revisions to the standard CGA, memorialized as SCE Form 14-744-A (found in SCE AL 3221-E), and summarized as follows:

1. Section 1 – Scope, Purpose and Related Agreement

- Language added to specify that installed REGFs are to serve CDCR's electrical loads "pursuant to the provisions of SCE's NEM tariff."

2. Section 2 – Summary and Description of the Parties and Location of Generating Facility

- Section 2.2 - 2.4 – Fields added to list the meter number, account number, and rate schedule for the CDCR account at which the REGF will be interconnected.
- Section 2.5 – Language added to specifically reference the deviated version of Form 16-344 as the NEM IA that will be used to interconnect the REGF in conjunction with the CGA.

3. Section 3 – Customer Acknowledgment and Obligations

- Section 3.1 – Language added to specifically reference that the CDCR is the NEM-eligible customer-generator pursuant to PU Code §2827 and that it has authorized the REGF to be installed and operated by the producer in accordance with SCE's NEM tariffs.
- Section 3.3 – Language added to specifically reference the NEM tariffs and cost responsibility for upgrades as outlined in Attachment B of the deviated NEM IA.
- Section 3.4 – Specific reference to the CDCR's otherwise applicable tariffs and Rule 21 added as the applicable tariffs being referenced in this provision.

- Section 3.5 – Language added to reference the access provisions also included in Section 6 of the NEM IA.

4. Section 4 – Term and Termination

- Section 4.1(c) – Termination provision updated to specify that the CGA would terminate on the day following the termination of the NEM IA, as opposed to the 31st day.

5. Section 6 - Notices

- SCE contact information updated to reflect the NEM program.

6. Section 7 – Release of Data

- Added the word “required” (in addition to “requested”) regarding the release of data to the CPUC or the California Energy Commission since the Commission has required that certain information from NEM customers be submitted regularly.

7. Section 8 – Assignment

- Language added to specify that the CGA shall not be assigned if such an assignment would cause the REGF to no longer comply with the provisions of PU Code §2827.

According to SCE, Deviations to SCE Form 16-344, Net Energy Metering and Renewable Electrical Generating Facility Interconnection Agreement, applicable solely to CDCR are necessary to allow the NEM IA to be executed by a third-party producer and to incorporate other provisions.

According to SCE, Form 16-344 is the standard NEM IA used by NEM-eligible customer-generators. However, because the CDCR will be entering into the CGA to authorize third-party producers to enter into the NEM IA with SCE, this deviated version of the NEM IA will be utilized by SCE and the CDCR’s authorized third-party producers (but always in conjunction with the CGA). A separate NEM IA is required for each third-party producer authorized in the CGA.

We agree with the need for the deviations to SCE Form 16-344 and approve the requested revisions to the standard NEM IA, memorialized as SCE Form 16-344-B (found in SCE AL 3221-E), and summarized as follows:

1. Section 1 – Applicability

- Sections 1.1 and 1.2 – Language is added to specifically reference the CGA and establish the relationship between SCE, the CDCR, and the producer.

2. Section 2 – Summary of Generating Facility and Customer Account

- Sections 2.2 (meter number), 2.3 (account number) and 2.4 (rate schedule) are removed since these are now included in Section 2 of the CGA. Section 4 (Metering and Billing) of the NEM IA also references that these provisions are now included in the CGA.

3. Section 3 – Generating Facility Interconnection and Design Requirements

- Section 3.2 is added to include the unique study provisions provided for in SB 862. This language aligns with the changes to Rule 21, Section D.13.e that were filed in Advice 3093-E-A.
- Section 3.3 is added to reference cost responsibility for upgrades, if any, that are identified pursuant to the study provisions included in Section 3.2. Again, this language aligns with the cost responsibility provisions of SB 862 and the tariff provisions filed in Advice 3093-E-A. This language further provides that prior to initiating work on any upgrades identified in the study pursuant to Section 3.2, SCE and the CDCR shall engage in an approach where the parties work together to attempt to size the REGFs such that the interconnection requests do not trigger the need for upgrades and/or employ other technical solutions to mitigate the need for upgrades (and the associated costs). A reference to Section 3.3 is also included in Section 3.5 related to interconnection timelines.

4. Section 7 - Indemnity and Liability

- Section 7.7 is added to address liability in scenarios where there are multiple third-party producers at a single CDCR site. This section requires that each third-party producer install equipment (e.g., a digital fault recorder), as mutually agreed upon between SCE and the CDCR, at each producer's cost that allows for the determination of liability in the event that there is damage caused to SCE's facilities by the interconnected REGFs. If the installed equipment is unable to

allow for the determination of individual liability among the multiple third-party producers, then the potential liability of each third-party producer is equal to its proportion of the total power production for the 12 months preceding the damaging event at the specific site. For example, if there is \$100,000 in damages and Producer A's REGF generated 60% of the power at the site for the 12 months preceding the event and Producer B's REGF generated 40%, Producer A is potentially liable for up to \$60,000 and Producer B is potentially liable for up to \$40,000.

5. Section 10 – Amendment, Modifications, Waiver or Assignment

- Sections 10.5 and 10.6, which relate to NEM “new party in” requirements, are deleted since they are not applicable under the CGA/NEM IA relationship arrangement.

6. Section 12 – Term and Termination of Agreement

- Section 12.1 is modified to require 60 days' written notice (as opposed to the standard 30) to terminate the NEM IA. This change aligns this termination provision with the termination provisions included in Section 4 of the CGA.
- Section 12.2 adds an additional termination provision related to a producer's breach of any provision of the NEM IA. A breach would include the producer not installing the equipment required in Section 7.7.

7. Attachment A – NEM Study Agreement

- A placeholder is added to the NEM IA to incorporate any NEM study agreements that result from the new Section 3.2 language in the NEM IA.

8. Attachment B – Additional Terms and Conditions for Projects Requiring Interconnection Facilities and/or Upgrades to SCE's Distribution and/or Transmission System

- This new section incorporates cost responsibility provisions for upgrades, if any, pursuant to the provisions of SB 862 and the new Section 3.3 language included in the NEM IA. In addition, Attachment B-1 requires that any necessary Interconnection Facilities be itemized. This is where the equipment required to

adhere to Section 7.7 of the NEM IA will be included, once the technical solution is identified as a result of the studies provided for in Section 3.2 of the NEM IA. Attachment B-2 requires the itemization of distribution and/or network upgrades, if any. Attachment B-3 requires that the critical milestones to complete the interconnection process be documented, along with dates and the responsible party.

SCE AL 3221-E meets the requirements of General Rule 8.2.3 of GO 96-B, completes the implementation of the unique NEM provisions applicable to CDCR as authorized by SB 862, and is approved.

General Rule 8.2.3 of G.O. 96-B sets forth that an energy utility may provide service to a government agency under terms and conditions otherwise deviating from their tariffs, and may begin provision of such service without prior Commission approval, but requires the utility to promptly submit an advice letter to notify the Commission of the utility's provision of such service.

In sum, we find that SCE AL 3221-E was appropriately filed according to General Rule 8.2.3 of G.O. 96-B. The deviations to SCE Forms 14-744 and 16-344 filed in SCE AL 3221-E represent modifications to the provision of service applicable solely to CDCR, a State government agency, and serve to fully implement the unique NEM provisions afforded CDCR by SB 862. For these reasons, the deviations to SCE Forms 14-744 and 16-344, as well as modifications to SCE's List of Contracts and Deviations² to account for the new deviated Forms 14-744-A and 16-344-B, are approved.

COMMENTS

No protests were received and CDCR filed a response in support of SCE AL 3221-E. This is an uncontested matter in which the Resolution grants the relief requested. Accordingly, pursuant to PU Code §311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

² <https://www.sce.com/NR/sc3/tm2/pdf/ce155.pdf>

FINDINGS AND CONCLUSIONS

1. SB 862 expanded the definition of a NEM-eligible customer-generator to include the CDCR with a total capacity of up to 8 MW.
2. SCE AL 3093-E-A, approved by Energy Division on May 8, 2015, contained revisions to relevant SCE tariffs and forms to implement the modifications made to PU Code §2827 by SB 862.
3. SCE AL 3221-E seeks approval of deviations to SCE's CGA, Form 14-744, and NEM IA, Form 16-344, in order for CDCR to fully implement the CDCR-specific provisions of SB 862.
4. Deviations to SCE Form 14-744, Customer Generation Agreement, applicable solely to CDCR are necessary to incorporate references to the NEM tariffs and align the CGA with the provisions included in the deviated NEM IA.
5. Deviations to SCE Form 16-344, Net Energy Metering and Renewable Electrical Generating Facility Interconnection Agreement, applicable solely to CDCR are necessary to allow the NEM IA to be executed by a third-party producer and to incorporate other provisions.
6. SCE AL 3221-E meets the requirements of General Rule 8.2.3 of GO 96-B, completes the implementation of the unique NEM provisions applicable to CDCR as authorized by SB 862, and should be approved.

THEREFORE IT IS ORDERED THAT:

1. The request of Southern California Edison Company for Commission approval of deviations to Forms 14-744, Customer Generation Agreement, and 16-344, Southern California Edison Company Net Energy Metering and Renewable Electrical Generating Facility Interconnection Agreement, to implement the Net Energy Metering provisions of Senate Bill 862 for the California Department of Corrections and Rehabilitation, as well as of modifications to SCE's List of Contracts and Deviations, as filed in Advice Letter 3221-E, is granted.
2. Southern California Edison Company Advice Letter 3221-E is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 23, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director