Decision 16-06-040 June 23, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 14-07-002 (Filed July 10, 2014)

DECISION REQUIRING NET ENERGY METERING CAP REPORTING BY INVESTOR-OWNED UTILITIES

Table of Contents

Title **Page**

DECISION REQUIRING NET ENERGY METERING CAP REPORTING BY INVESTOR-OWNED UTILITIES 1
Summary 2
1. Procedural Background 3
2. Discussion 4
2.1. Information on Available Capacity 5
2.1.1. Reporting by IOUs 5
2.1.2. Progress Toward Capacity Cap 10
2.1.2.1. SDG&E 10
2.1.2.2. PG&E 11
2.1.2.3. SCE 12
2.2. Reservation System 13
2.2.1. Proposals for Reservation System 13
2.2.2. CALSEIA Motion 13
2.2.3. Staff Proposal 14
2.2.4. Other Party Proposals 15
2.2.4.1. SDG&E 15
2.2.4.2. SCE 16
2.2.4.3. PG&E/CALSEIA/SEIA 16
2.2.4.4. CDCR 17
2.2.5. Responses to Proposals 17
2.2.5.1. Start Date 18
2.2.5.2. Reservation Application Requirements 19
2.2.5.3. Capacity Limits 19
2.2.5.4. Project Completion Deadlines 20
2.3. Reservation system 20
2.3.1. No Reservation System for SDG&E 21
2.3.2. No Reservation System for PG&E 21
2.3.3. No Reservation System for SCE 24
2.3.3.1. CDCR Projects 27
2.3.3.2. Reporting 28
3. Comments on Proposed Decision 29
4. Assignment of Proceeding 29
Findings of Fact 30
Conclusions of Law 32

Table of Contents (cont.)

Title **Page**

ORDER 36

Attachment A – Public Utilities Code Section 2827
Attachment B – Public Utilities Code Section 2827.1

DECISION REQUIRING NET ENERGY METERING CAP REPORTING BY INVESTOR-OWNED UTILITIES

Summary

This decision requires Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) each to provide more information on their progress toward their respective capacity caps for the net energy metering (NEM) tariff under Pub. Util. Code § 2827 (Section 2827 tariff).[1] SDG&E and SCE must revise the reporting format and content used in their respective advice letters detailing their progress toward the capacity caps, which are filed monthly in compliance with Decision 14-03-041, Ordering Paragraph 7, and PG&E must continue, with one exception to use the format and content used in its advice letter of April 11, 2016. PG&E and SCE must revise their public web sites to provide additional information about their progress toward their respective capacity caps, and SDG&E must continue to use the format and content of the current presentation on its web site.

No investor-owned utilities will be required to set up a system to allow customers to reserve capacity to participate under the Section 2827 tariff. Because PG&E and SDG&E have reported customer interest in interconnecting under the Section 2827 tariff at a level of capacity that is close to or at their respective capacity caps for the Section 2827 tariff, reservation systems for PG&E and SDG&E would be ineffective, and are not required by this decision. Because it appears likely that SCE will not reach its Section 2827 capacity cap prior to the

[1] All further references to sections are to the Public Utilities Code unless otherwise specified.

statutory termination of the Section 2827 tariff on July 1, 2017, it is not necessary to establish a reservation system for SCE.

This proceeding remains open.

1. Procedural Background

This proceeding addresses the legislative direction given in Pub. Util. Code § 2827.1 to develop a successor to the net energy metering (NEM) tariff authorized in Section 2827 (Section 2827 tariff).[2] In Decision (D.) 14-03-041, issued in Rulemaking (R.) 12-11-005, the distributed generation rulemaking, the Commission adopted a transition period during which eligible customers taking service under the Section 2827 tariff could continue service under that tariff.[3]

On April 21, 2015, the California Solar Energy Industries Association (CALSEIA) filed the Motion of the California Solar Energy Industries Association to Create a Reservation System for the Transition to a Successor Tariff (CALSEIA motion). Responses to the CALSEIA motion were filed May 6, 2015.[4] With permission of the administrative law judge (ALJ), CALSEIA filed a reply to the responses on May 18, 2015.

Energy Division staff developed a Staff Proposal to Create a System for Reserving Capacity under the Current Net Energy Metering Tariff (Staff

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[2] Section 2827.1 was added by Assembly Bill (AB) 327 (Perea), Stats. 2013, ch. 611. All further references to sections are to the Public Utilities Code, unless otherwise specified. Section 2827 is reproduced in Attachment A; Section 2827.1 is reproduced in Attachment B.

[3] The Legislature directed the Commission to establish the transition period in Section 2827.1(b)(6).

[4] Responses were filed by CAlifornians for Renewable Energy, Inc.; Pacific Gas and Electric Company (PG&E); San Diego Gas & Electric Company (SDG&E); Solar Energy Industries Association (SEIA); Southern California Edison Company (SCE); The Alliance for Solar Choice (TASC); and Wal-Mart Stores, Inc. and Sam's West, Inc. (jointly).

Proposal). The Staff Proposal was circulated to parties by the ALJ's Ruling Accepting Staff Proposal to Create a Reservation System under the Current Net Energy Metering Tariff into the Record and Seeking Comment on Staff Proposal (December 23, 2015) (ALJ Ruling). Comments were filed January 19, 2016; reply comments were filed on January 25, 2016.[5]

2. Discussion

This decision addresses one issue related to the transition between the Section 2827 tariff and the successor tariff required by Section 2827.1 and implemented by the Commission in D.16-01-044 (NEM successor tariff). This decision does not revisit the issues of the treatment of customers taking service under the Section 2827 tariff that were decided by D.14-03-041. Nor does this decision address any issues in the administration of the NEM successor tariff. Rather, this decision addresses the needs of customers in the final months that the Section 2827 tariff will be open to participation, by requiring all investor-owned utilities (IOUs) to provide similar information useful to customers planning to seek service under a NEM tariff.

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[5] Comments were filed by California Department of Corrections and Rehabilitation (CDCR); Foundation Windpower, LLC (Foundation Windpower); Inland Empire Utilities Agency, Padre Dam Municipal Water District, Rancho California Water District, San Bernardino Valley Municipal Water District, Sweetwater Authority, Terraverde Renewable Partners, Valley Center Municipal Water District (jointly; collectively, NEM-PAC 2.0); NLine Energy, Inc.; Office of Ratepayer Advocates (ORA); PG&E, CALSEIA, SEIA (jointly); SCE; and SDG&E.

Reply comments were filed by CALSEIA and SEIA (jointly); CDCR; Coalition of Energy Users (Energy Users); Foundation Windpower; NEM-PAC 2.0; PG&E; SCE; and SDG&E.

2.1. Information on Available Capacity

2.1.1. Reporting by IOUs

In accordance with Section 2827(c)(4)(C) and D.14-03-041, Ordering Paragraph (OP) 7, the IOUs file monthly advice letters (ALs) with updates on their progress toward their respective NEM capacity caps.[6] They also post these reports on their web sites.[7] SDG&E has been posting updates on its web site twice daily, since October 2015.

The information on progress toward their Section 2827 capacity caps reported by the three IOUs has not been consistent, either among the three IOUs, or between the ALs and web site postings of an individual IOU. The information currently provided, as well as the variations and differences are summarized in Tables 1 and 2, below.

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[6] Pursuant to Rule 13.9 of the Commission's Rules of Practice and Procedure, the Commission takes official notice of the information in each IOU's monthly advice letters in calendar year 2016.

[7] The IOUs' reports may be found at:

PGE: http://www.pge.com/en/mybusiness/save/solar/nemtracking/index.page.

SCE: https://www.sce.com/wps/portal/home/residential/generating-your-own-power/net-energy-metering/. (drop-down: Net Energy Metering Cap Data).

SDG&E: http://www.sdge.com/clean-energy/net-energy-metering/overview-nem-cap.

Table 1: Categories Reported In IOU NEM Cap Advice Letters

	PG&E[8]	SCE[9]	SDG&E[10]
Total NEM Applications in Queue	Projects that have submitted a complete application (including final building inspection) but have not yet received Authorization to Operate from utility	Projects that have submitted a complete application (including final building inspection) but have not yet received Authorization to Operate from utility AND Projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided.	Projects that have submitted a complete application (including final building inspection) but have not yet received Authorization to Operate from utility AND Projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided.
Cumulative NEM Installations	Projects that have received Authorization to Operate	Projects that have received Authorization to Operate	Projects that have received Authorization to Operate
Total NEM Requests Pending[11]	Projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided.	N/A	N/A

[8] PG&E reports the same categories from its monthly Advice Letters on its website, and began updating these data weekly on April 24, 2016.

[9] SCE posts the same categories and data from its monthly Advice Letters on its website, updated monthly.

[10] SDG&E posts the same categories and data from its monthly Advice Letters on its website, updated monthly. Beginning October 1, 2015, SDG&E has provided additional information on its website, updated twice daily. The additional categories on SDG&E's updated website are described in Table 2.

[11] Prior to April 2016, AL PG&E did not report this category.

Table 2: Categories Reported on SDG&E's Website (updated twice daily)

Category	Description
NEM Installations that have received Authorization to Operate from SDG&E	Projects that have received Authorization to Operate
NEM applications in the queue that SDG&E has received Final Electrical Inspection release from city/county and is waiting for Authorization to operate from SDG&E[12]	Projects that have submitted a complete application (including final building inspection) but have not yet received Authorization to Operate from utility
Total NEM Applications and MW in the Queue	Projects that have submitted a complete application (including final building inspection) but have not yet received Authorization to Operate from utility AND Projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided
NEM Interconnections Approved in 2015 and 2016[13]	Projects that have received Authorization to Operate in each month since January 2015

The information in the IOUs' ALs and posted on their web sites is important to those customers for whom the issue of whether they are likely to be able to interconnect under the Section 2827 tariff, rather than the NEM successor tariff, has a significant impact on planning for their projects. Although, as the comments on the Staff Proposal show, customers planning larger projects are typically more concerned about which tariff will be available to them, any customer may find this information relevant for planning and installing a NEM-eligible project.

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[12] This is an additional category not reported by SDG&E in its ALs. It equates to how PG&E reports "Total NEM Application in Queue" in its ALs.

[13] This is an additional category not reported by SDG&E in its ALs.

It is therefore problematic that the IOUs have not consistently reported information related to the most important parameter for taking service under the Section 2827 tariff. The Commission stated in D.14-03-041 (at 23 n.49):

> Eligibility for the transition period [for continuing to take service under the Section 2827 tariff] is based on the date of submission of the documentation needed to complete a NEM interconnection application, including the final building inspection. Customers that complete their application prior to reaching the date that the successor tariff is implemented will be eligible for the transition period. . .

As Table 1 shows, however, this parameter has not been consistently identified in the IOUs' ALs. SCE and SDG&E combine 1) projects that have submitted complete applications (including final building inspection) but have not yet received Authorization to Operate, and 2) projects with incomplete applications, in the same reporting category: Total NEM Applications in Queue. This obscures the key distinction that projects with completed applications are, *by virtue of having submitted complete applications*, eligible to take service under the Section 2827 tariff and subject to the transition rules set out in D.14-03-041; projects with incomplete applications are not.

Prior to April 2016, PG&E reported separately Section 2827 applications that were complete and awaiting Authorization to Operate, and new applications received in the reporting month. It did not have a reporting category for projects with incomplete applications. PG&E's ALs thus appropriately identified complete applications (i.e., those eligible to take service under the Section 2827 tariff), but provided no useful information about the number of incomplete applications.

Beginning with its April 2016 AL, PG&E added a category of "Total NEM Requests Pending," which includes applications that have been submitted but

are not complete (e.g., the final building inspection has not been provided). With this addition, PG&E's April 2016 AL provides reporting categories that reflect all relevant information for customers seeking to interconnect under the Section 2827 tariff.

The information provided to the public on the IOUs' web sites has been the same as that provided in the ALs, with two exceptions. On its web site, SDG&E breaks out projects that have submitted complete applications but are awaiting Authorization to Operate ("NEM applications in the queue that SDG&E has received Final Electrical Inspection release. . .").[14] SDG&E also reports the number of projects and MWs installed that have received Authorization to Operate in each month since January 2015. Neither of these categories appears in SDG&E's ALs.

In order to provide customers with accurate and timely information about their progress toward the capacity cap of the Section 2827 tariff, the IOUs should adjust both their ALs and their web sites. In their ALs, at their first available opportunity, SCE and SDG&E should adopt the reporting categories used by PG&E in its April 2016 AL; PG&E should continue to use those categories and format.

SDG&E should continue to use the format and report the information on its web site as it has in April 2016. PG&E and SCE should provide the same information on their web sites and in their ALs. In addition, PG&E and SCE should each report on their web sites the number of projects and MWs installed

[14] This category reports the same information as PG&E's "Total NEM Requests Pending" category.

that have received Authorization to Operate in each month since January 2015, as SDG&E has done.[15]

SDG&E should continue the twice daily update of information on its web site until it reaches its capacity cap. PG&E should continue to update the information on its web site weekly, but should switch to a daily update as soon as feasible, and in any event not later than August 1, 2016. SCE should begin a weekly update of the information on its website not later than December 1, 2016. SCE should move to a daily update on April 1, 2017, or when the sum of the MW reported in (Cumulative NEM Installations + NEM Installations in Queue + Total NEM Requests Pending) = 90% of the MW available in SCE's capacity cap, whichever occurs first.

2.1.2. Progress Toward Capacity Cap

2.1.2.1. SDG&E

In its April 2016 advice letter, SDG&E shows 582.9 MW of "NEM installations and applications in queue." As noted in Table 1, above, this figure represents the sum of projects with Authorization to Operate, projects with

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[15] In its comments on the proposed decision (PD), PG&E states that it would prefer to report on its monthly installations using different categories from the residential/non-residential category used by SDG&E. PG&E proposes that it use:

- Solar and wind systems 30 kW or smaller
- All other NEM installations
- Total per month.

The lack of uniformity among IOUs from allowing PG&E to use its proposal is not ideal. However, since customers only need to have information about the IOU in whose service territory their project will be interconnected, PG&E's proposed alternative reporting method will not cause confusion for customers, as long as the reporting is internally consistent. PG&E should be allowed to use its proposed reporting categories for monthly installations under the Section 2827 tariff.

completed applications, and projects with incomplete applications. On its web site on April 26, 2016, SDG&E shows 562.9 MW of projects with Authorization to Operate; 4.4 MW of projects with completed applications; and 33.1 MW of projects with applications that are not complete.[16] This totals 600.4 MW, very close to SDG&E's capacity cap of 617 MW,[17] though it should be noted that 33.1 MW are only in the application process.[18]

2.1.2.2. PG&E

PG&E's web site was updated on April 24, 2016. PG&E's update shows 2012.96 MW interconnected (1996.47 MW) or with complete applications awaiting authorization to operate (16.49 MW). It also identifies 432.15 MW of projects with applications that have been submitted but are not complete. The 2445.11 MW of the three categories added together exceeds PG&E's Section 2827 capacity cap of 2409 MW; though it should be noted that a large proportion of the MW in that total (432.15 MW) are only in the application process.[19]

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[16] This figure is derived by subtracting 4.4 MW of "NEM applications in the queue for which SDG&E has received final electrical inspection" from 37.5 MW of "Total NEM applications and MW in the queue."

[17] Section 2827(c)(4)(B)(i) provides that SDG&E's capacity cap "shall not be less than" 607 MW. In its annual update of its Section 2827 capacity cap in Advice Letter 2799-E (October 1, 2015), SDG&E updated its cap to 617 MW. This is the Section 2827 capacity cap used in this decision.

[18] New ALs have been filed since the PD was mailed for comment. In its June 2016 AL, SDG&E shows 626.4 MW of "NEM installations and applications in queue." As noted in Table 1, above, this figure represents the sum of projects with Authorization to Operate, projects with completed applications, and projects with incomplete applications. The total MW shown in this category exceeds SDG&E's capacity cap of 617 MW, though SDG&E's web site (June 17, 2016) reports that 30.8 MW of this total are in the application process.

[19] New ALs have been filed since the PD was mailed for comment. In its June 2016 AL, PG&E shows 2059.8 MW of "cumulative NEM installations," and 17.16 MW of "NEM applications in queue" (complete applications awaiting authorization to operate). PG&E's June 2016 AL also identifies 439.1 MW of projects with applications that have been submitted but are not

Footnote continued on next page

Because there are so many MWs currently in PG&E's application process, one of the fields in PG&E's April 2016 AL creates the possibility that customers looking at the information on its web site could be misled. As CALSEIA and PG&E point out in comments on the PD, the result reported in the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide PG&E With the Final Building Permits Required To Be Approved for NEM" gives the (inaccurate) impression that PG&E has attained its Section 2827 capacity cap, though the field provides merely a hypothetical total (*assuming* all pending projects are actually completed prior to July 1, 2017). PG&E should therefore remove this field from its web site and not include this category in its ALs.

To the extent that this decision requires SCE or SDG&E to follow the format of PG&E's April 2016 AL, such requirements do not include the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide [IOU] With the Final Building Permits Required to Be Approved for NEM." This field should not be used by any IOU in any AL or on any web site.

2.1.2.3. SCE

SCE shows on its web site the same information as in its advice letter. The SCE web site currently shows the information in SCE's April 2016 AL, as supplemented by AL 3391-E-A (May 5, 2016). The web site shows 1350.8 MW of "projects approved for NEM interconnection," i.e., having received authorization

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complete. The 2516.06 MW of the three categories added together exceeds PG&E's Section 2827 capacity cap of 2409 MW; though a large proportion of the MW in that total (439.1 MW) are in the application process.

to operate; and 263.2 MW of "total pending requests for NEM interconnection," i.e., both projects that have submitted complete applications (with final building inspection) and projects with incomplete applications that SCE "believe[s] are likely to become valid projects" (i.e., provide complete applications). The two categories added together equal 1613.9 MW, of which 1334.9 are projects that have been interconnected; and of which 263.2 MW are the sum of an unknown number of projects that have submitted complete applications, plus an unknown number of projects that have incomplete applications. The total of 1613.9 MW is 626.1 MW less than SCE's Section 2827 capacity cap of 2240 MW.[20]

2.2. Reservation System

2.2.1. Proposals for Reservation System

2.2.2. CALSEIA Motion

The CALSEIA Motion advances a proposal that would apply to all three IOUs offering the Section 2827 tariff. Its key elements are:

- A separate reservation system for each IOU's service territory, commencing approximately three months before each IOU is estimated to reach the limit of capacity allowed for the Section 2827 tariff in its service territory;[21]

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[20] New ALs have been filed since the PD was mailed for comment. In its June 2016 AL (and on its web site), SCE shows 1428.1 MW of "projects approved for NEM interconnection,"; and 216 MW of "total pending requests for NEM interconnection." The two categories added together equal 1644.1 MW, of which 1428.1 MW are projects that have been interconnected; and of which 216 MW are the sum of some number of projects that have submitted complete applications, plus a number of projects that have incomplete applications. The total of 1644.1 MW is 595.9 MW less than SCE's Section 2827 capacity cap of 2240 MW.

[21] Section 2827(c)(4)(B) provides:

> The commission shall require every large electrical corporation to make the standard contract or tariff available to eligible customer-generators, continuously and without interruption, until such times as the large electrical corporation reaches its net energy metering program limit or July 1, 2017, whichever is earlier. A large electrical

Footnote continued on next page

- Requirements that customers using the reservation system must pay a reservation fee (refundable if the project is completed before a specific deadline) and present a copy of a signed contract for the project to the IOU;
- A timeframe of two months after the IOU reaches its NEM cap for residential customers in the reservation system, and six months for other customers in the reservation system, to submit their complete interconnection materials and have their projects interconnected under the Section 2827 tariff;
- A limited waiting list for each reservation system.

2.2.3. Staff Proposal

The Staff Proposal for all three IOUs includes:

- A reservation system for each IOU, to be implemented by SDG&E as soon as feasible, and by PG&E and SCE when they each have approximately 360 megawatts (MW) of capacity remaining under their respective Section 2827 capacity caps;

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corporation reaches its program limit when the combined total peak demand of all electricity used by eligible customer-generators served by all the electric utilities in the large electrical corporation's service area furnishing net energy metering to eligible customer-generators exceeds 5 percent of the aggregate customer peak demand of those electric utilities. For purposes of calculating a large electrical corporation's program limit, "aggregate customer peak demand" means the highest sum of the noncoincident peak demands of all of the large electrical corporation's customers that occurs in any calendar year. To determine the aggregate customer peak demand, every large electrical corporation shall use a uniform method approved by the commission. The program limit calculated pursuant to this paragraph shall not be less than the following:
(i) For San Diego Gas and Electric Company, when it has made 607 megawatts of nameplate generating capacity available to eligible customer-generators.
(ii) For Southern California Edison Company, when it has made 2,240 megawatts of nameplate generating capacity available to eligible customer-generators.
(iii) For Pacific Gas and Electric Company, when it has made 2,409 megawatts of nameplate generating capacity available to eligible customer-generators.

The capacity limit set out in this section and implemented in D.14-03-041 is to in this decision as "the Section 2827 capacity cap."

- A requirement that customers using the reservation system submit either a copy of a signed contract (for customer-owned systems) or of a system ownership agreement (for third-party-owned systems) similar to those required for the California Solar Initiative (CSI) program;
- No reservation fee;
- No completion deadline for commercial projects, but a completion deadline of six months from receipt of a confirmed capacity reservation or July 1, 2017, whichever occurs first, for residential projects, with no extensions;
- A Section 2827 program limit that is the sum of installed capacity and completed interconnection applications awaiting Authorization to Operate and confirmed reservations under the reservation system, up to the IOU's NEM cap; and
- A waiting list for projects that apply for a reservation after the confirmed reservations have reached their limit, but before the project completion deadline.

2.2.4. Other Party Proposals

In their comments on the Staff Proposal, several parties put forward variations on the Staff Proposal, or proposed different approaches.

2.2.4.1. SDG&E

SDG&E proposes a system similar to that of the Staff Proposal, which would become available to potential customers under the Section 2827 tariff when SDG&E "is 60 megawatts (MW) from reaching the NEM program limit established pursuant to § 2827(c)(4)(b)(i) (as measured by NEM projects that are interconnected to SDG&E's system)."[22] SDG&E also proposes that it would offer

[22] San Diego Gas & Electric Company Comments on Staff Proposal Regarding Net Energy Metering Reservation System, at 2.

an "interim" NEM tariff with provisions substantially similar to the Section 2827 tariff.[23]

2.2.4.2. SCE

SCE contends that a reservation system is not necessary in its service territory as the Section 2827 tariff approaches its end point, whether that occurs because SCE's NEM cap has been reached, or because the July 1, 2017 cutoff has arrived. SCE states that its proposal to include a notice on its web site when there is 50 MW or less of capacity remaining under the Section 2827 tariff will provide all the information that customers will need to make decisions about installing NEM-eligible systems.[24]

2.2.4.3. PG&E/CALSEIA/SEIA

In response to the Staff Proposal, PG&E, CALSEIA, and SEIA filed a new joint proposal for a reservation system, intended to apply to PG&E's service territory.

The joint proposal includes:

- Immediate start date for the reservation system for PG&E;

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[23] SDG&E describes the proposal at p. 2 of its Comments:

> The proposed interim tariff (NEM-I) would be available for NEM customers that do not wish to participate in the reservation system or who are waitlisted and do not wish to delay NEM service. The NEM-I tariff would be available for a reasonable period of time after SDG&E's NEM program cap is reached as a bridge to the NEM successor tariff.

[24] SCE states that the notice will include presentation of the option to be served on the successor tariff, rather than to try to interconnect under the Section 2827 tariff. (SCE Comments on Administrative law Judge's Ruling Accepting Staff Proposal to Create a Reservation System under the Current Net Energy Metering Tariff into the Record and Seeking Comment on Staff Proposal, at 3.)

- Automatic transfer of customers with existing applications to the new reservation system;
- Certain required paperwork for entry into the reservation system;
- Completion date of July 1, 2017 for all projects;
- Ability of developer/home builder to reserve capacity prior to completion of home to receive service; and
- Elimination of any "deficit" in installed capacity under the Section 2827 tariff by one-time conversion of early projects under the NEM successor tariff to the Section 2827 tariff up to the Section 2827 capacity cap for PG&E.

2.2.4.4. CDCR

CDCR requests that the method for determining that CDCR projects larger than 1 MW are "complete" be clarified.[25] CDCR is concerned that because an IOU's process for interconnecting its projects can be long and complex, a larger CDCR project may be deemed incomplete, and thus miss out on the chance to use the Section 2827 tariff, although CDCR has taken all steps in its control on the project.

2.2.5. Responses to Proposals

Only SCE contends that no reservation system should be required (at least for its service territory).[26] ORA correctly points out that SDG&E is so close to its capacity cap for the Section 2827 tariff that it is not reasonable to try to develop a reservation system. ORA also urges that no reservation system should be

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[25] Pursuant to Senate Bill (SB) 862, Stats. 2014, ch 36, CDCR facilities up to 8 MW in size may be eligible customer-generators for purposes of the Section 2827 tariff. (See Section 2827(b)(4)(B)(i).)

[26] In its comments on the PD, discussed further below, SCE accepts the reservation system set up in the PD, but proposes a number of changes to it.

established for PG&E or SCE until after those IOUs have submitted, and the Commission has evaluated, estimates of the cost of implementing a reservation system. ORA proposes that, if the costs appear to be excessive, all IOUs should provide detailed daily updates on capacity remaining for their respective Section 2827 tariffs, similar to what SDG&E is already providing.

Other parties generally support the use of a reservation system, but have different views of the specific elements to be included.

2.2.5.1. Start Date

ORA proposes that the system for each of PG&E and SCE should begin four months before each IOU is projected to reach its capacity cap for the Section 2827 tariff. SCE proposes six months ahead. Because the two IOUs are not in the same situation with respect to remaining capacity, the calendar dates for each IOU would differ under the "*n* months from reaching capacity" formula. CALSEIA/SEIA comment that a date certain should be picked for SCE, instead of the "time from reaching capacity" formula.

Some parties, especially those whose interests are primarily in larger systems, urge that the reservation system should begin as soon as possible.[27] They point out that larger commercial and industrial projects require more planning and longer development and construction periods than smaller, typically residential, projects.

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[27] They include CDCR, Foundation Windpower, NEM-PAC 2.0, and NLine; PG&E/CALSEIA/SEIA support immediate start in PG&E's service territory.

2.2.5.2. Reservation Application Requirements

All parties assume that the existing interconnection application process will continue to be used; they differ about what, if any, additional documentation should be required to enter the reservation system.

The PG&E/CALSEIA/SEIA proposal for a signed contract is opposed by SCE on the grounds that it will be administratively burdensome for the IOU. NEM-PAC 2.0 and CDCR object that it is difficult for public agency projects to have complete documentation, including a signed contract, early enough in their project development process to participate effectively in a reservation system that requires such documentation.

2.2.5.3. Capacity Limits

The relationship of the reservation system to the statutory limits on interconnected capacity under the Section 2827 tariff is viewed differently by different parties.

PG&E/CALSEIA/SEIA, as well as SDG&E, urge that the reservation system be closed once the combined capacity of interconnected systems and applications with confirmed reservations reaches the IOU's Section 2827capacity cap. SDG&E, supported by Energy Users, endorses the creation of a waiting list for projects that apply after the initial reservations are full. ORA also supports a waiting list, with somewhat different parameters for how such a waiting list would operate.

NEM-PAC 2.0 supports the Staff Proposal on a waiting list. SCE opposes the Staff Proposal to backfill withdrawn projects from the waiting list. PG&E/CALSEIA/SEIA do not propose a waiting list. Instead, they propose that any unused capacity left under the Section 2827 tariff after July 1, 2017 would be

taken up by a one-time conversion of projects under the successor tariff to the Section 2827 tariff, up to the Section 2827 capacity cap.

2.2.5.4. Project Completion Deadlines

Parties generally support the imposition of project completion deadlines for projects in the reservation system, but have differing views on what the deadlines should be. PG&E/CALSEIA/SEIA, SCE, and NEM-PAC 2.0 support a uniform completion date of July 1, 2017 for all projects. PG&E/CALSEIA/SEIA and SCE oppose a separate deadline for residential projects on the grounds that it would be administratively burdensome for the IOU. CDCR, Energy Users, NLine, ORA, and SDG&E believe that project deadlines should be different for different types of projects, based on both type and size of project.

2.3. Reservation system

A reservation system can provide support for planning by both customers and the IOUs. In order to be effective, any reservation system must include access to relevant information, a transparent method of allocating places in the system, and a clear process for applying for a reservation. In the context of the transition between the Section 2827 tariff and the NEM successor tariff, a reservation system should also be operational in a time period and with requirements that are relevant to customers; i.e., that allow them to make informed and effective choices.

The Commission has evaluated the situation in each IOU's service territory in light of all currently available information and the comments of the parties on the PD. We conclude that a system for reserving capacity under the Section 2827 tariff is not warranted in any of the IOUs' service territories, though for varying reasons.

2.3.1. No Reservation System for SDG&E

As can be seen from the data from SDG&E set out above, SDG&E is so close to attaining the Section 2827 capacity cap that setting up a reservation system would not improve the ability of customers to plan for their NEM-eligible system installations. As ORA properly points out, the effort and expense involved in setting up a reservation system would not, at this point, yield any tangible benefits to customers. A reservation system for interconnecting under the Section 2827 tariff should therefore not be established for customers in SDG&E's service territory.

SDG&E should, however, continue to provide the information on the Section 2827 capacity cap that it currently has on its web site, as well as submitting ALs containing the information required by this decision. When all remaining capacity under the Section 2827 tariff capacity cap has been used by customers[28] interconnecting under the Section 2827 tariff, SDG&E should:

1. Promptly post that information on its web site;
2. File a Tier 1 advice letter with the information that the capacity cap under the Section 2827 tariff has been reached;
3. Immediately make the NEM successor tariff available to all customers seeking to interconnect under a net energy metering tariff at any time after the Section 2827 tariff has been closed.

2.3.2. No Reservation System for PG&E

The information provided by PG&E in its April 11, 2016 AL reveals a large, and previously invisible, group of customers who have submitted applications for interconnection pursuant to the Section 2827 tariff, but have not yet

[28] As set out in D.14-03-041, "used by customers" includes both systems that have received Authorization to Operate and systems for which a customer has submitted a complete application, including a final building inspection report.

completed their applications (i.e., have not submitted their final building inspection reports). These customers are already in the process of planning and installing their systems. Based on the information in PG&E's April 2016 AL and its more recent reporting on its web site on these customers, it now appears that the MW functionally available before PG&E reaches its Section 2827 capacity cap have been exhausted.

If the Commission were to adopt a reservation system that allows customers that have already submitted, but not yet completed, interconnection applications to obtain spots in the reservation queue (as recommended by PG&E/CALSEIA/SEIA), the PG&E reservation queue would be full—and possibly oversubscribed—on the day it opens. This would be inconsistent with the expectations of customers who may have relied on the information PG&E had previously provided in its ALs and posted on its web site to help them in their planning for installation of systems in order to take service under the Section 2827 tariff.

PG&E should, however, continue to provide the information on the Section 2827 capacity cap that it began providing in its April 11, 2016 advice letter and revise its web site to include the information required by this decision, except that PG&E should eliminate the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide PG&E With the Final Building Permits Required to Be Approved for NEM."

Although PG&E, like the other IOUs, is bound by the transition requirements of D.14-03-041, PG&E uses a slightly different algorithm to

determine when it will reach its Section 2827 capacity cap.[29] Unlike SCE and SDG&E, PG&E counts only the capacity of systems that have received authorization to operate in determining when it has reached the capacity cap; it does not include systems that have provided complete interconnection applications, including a final building inspection report. Because PG&E must follow the requirements of D.14-03-014, its alternative counting method should not cause any harm to customers seeking to interconnect under the Section 2827 tariff: customers who have received authorization to operate and customers that have submitted complete interconnection applications, including a final building inspection report, prior to PG&E attaining the capacity cap, will be able to take service under the Section 2827 tariff. Nevertheless, PG&E should make clear on its web site both that the MW reported in its category "cumulative NEM installations" are the MW PG&E uses to determine when its Section 2827 capacity cap has been reached, and that customers eligible under D.14-03-041 may take service under the Section 2827 tariff.

In order to maintain consistency so far as possible, without causing confusion for customers, PG&E should also follow slightly different procedures from SCE and SDG&E when reaching its Section 2827 capacity cap:

> 1. Promptly post on its web site the information that the Section 2827 capacity cap has been reached <u>and</u> that all customers that had submitted complete interconnection applications, including final building inspection reports, prior to the time the Section 2827 capacity cap was reached will be interconnected using the Section 2827 tariff;

[29] PG&E explains its methodology only in its comments on the PD. *See* PG&E's Opening Comments (June 6, 2016) at 4-6.

2. File a Tier 1 advice letter with the information that the capacity cap under the Section 2827 tariff has been reached; and

3. Immediately make the NEM successor tariff available to all customers seeking to interconnect under a net energy metering tariff any time after the Section 2827 tariff has been closed.[30]

2.3.3. No Reservation System for SCE

SCE asserts that a reservation system is not necessary in its territory, because SCE's reporting on capacity remaining under the Section 2827 tariff will allow customers to plan their projects effectively without creating an administrative burden for the utility. As ORA also pointed out in its comments, there should be a reasonable likelihood that a reservation system would create more benefits to customers than costs. SCE's April 2016 and June 2016 advice letters also demonstrate that SCE has significantly more capacity available than either SDG&E or PG&E.

Circumstances have changed since the PD was mailed. In the two months since SCE's April advice letter was filed, the total MW interconnected under the Section 2827 tariff in SCE's service territory has increased at a slower pace than some parties anticipated.[31] Comparing the "projects approved for NEM interconnection" from SCE's April 2016 AL 3391-E-A, used in the PD, and its most current June 2016 AL 3421-E, yields an increase of 77.3 MW over the two-month span, or approximately 38. 65 MW interconnected per month. Allowing for some increase in interconnections by rounding up to 40 MW per month, and assuming that SCE's current pace toward its Section 2827 capacity

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[30] Customers eligible under D.14-03-041 will, as noted above, be able to interconnect under the Section 2827 tariff.

[31] *See* section 2.1.2.3, above.

cap continues to be about the same, its 595.9 MW of remaining capacity would not be exhausted for more than 15 months.[32] It is thus reasonable to conclude, as SCE posits in its comments on the PD, that SCE is unlikely to reach its Section 2827 capacity cap in the 13 months remaining from the end of May 2016 until July 1, 2017—or at the least, that it is uncertain whether SCE will reach the cap, as CALSEIA frames it in its comments on the PD.

Because the information available now could lead to different conclusions from the information available in SCE's April AL, parties have made new arguments in their comments on the PD that should be reviewed.

Faced with this additional information, CALSEIA has changed its recommendation that a reservation system should be established for SCE's service territory. CALSEIA, which represents hundreds of solar providers and installer in California, straightforwardly explains that its members are now divided on the issue of a reservation system for SCE. CALSEIA notes that current information shows that progress toward the Section 2827 capacity cap in SCE's service territory has been slower than was anticipated at the time the PD was mailed. If it were clear that the capacity cap would probably be reached, CALSEIA continues to think a reservation system would be beneficial. But CALSEIA also notes the administrative burden and the potential for capacity to be reserved but not ultimately used, in view of the increasing likelihood that SCE will not reach the capacity cap.

[32] It should be remembered that the April AL reports on the status of the NEM program at the end of March; the June AL reports on status at the end of May.

A newer party to the proceeding, Energy Freedom Coalition of America (EFCA),[33] argues in its comments on the PD that the large capacity under the Section 2827 tariff that remains in SCE's service territory renders a reservation system unnecessary. EFCA also asserts that a reservation system could result in a significant number of reservations for systems that are not completed prior to SCE reaching the capacity cap, because there is no incentive for customers to withdraw projects from the system, even if the project will not be built.

Other parties, particularly those representing customers with larger projects and/or projects of public entities (e.g., NEM-PAC 2.0, CDCR), continue to support a reservation system for SCE's service territory. They argue that a reservation system would provide the best assurance that their projects would not be crowded out by smaller projects that are completed more quickly.

Although the PD set up a reservation system for capacity under the Section 2827 tariff in SCE's service territory, we conclude that the more current information now available, combined with the more disparate views of the parties on the advisability of such a system, demonstrate that, on balance, a reservation system should not be required for SCE's service territory. The large amount of capacity remaining and the slower pace of its uptake mean that the allocation of the remaining capacity is not a problem so urgent or so extreme as to warrant the Commission's overlay of a new system for capacity reservations

[33] EFCA's motion for party status was granted April 25, 2016. In its comments on the PD, EFCA describes itself as, among other things, "a national advocacy group . . . that seeks to promote public awareness of the benefits of solar and alternative energy . . . and promotes the use of rooftop and other customer- owned and third-party owned distributed solar electrical generation for residential and commercial uses."

on top of the "first come, first served" system for the Section 2827 tariff under which IOUs and their customers have worked until now.[34]

While it is possible that, without a reservation system, some projects may not be able to take service under the Section 2827 tariff, the capacity cap is not an issue that has only recently been identified. As PG&E points out, D.14-03-041 was issued more than two years ago. That decision both affirmed the method for calculating the IOUs' capacity caps under the Section 2827 tariff and set out the transition provisions which this decision implements.

Further, the necessary complexity and detail of any reservation system counsel that it should not be required unless it is truly needed. At least four parties make proposals for changes to the reservation system in their comments on the PD. This does not mean that it would not be possible to make any of the proposed changes; rather, it demonstrates that the details required in any reservation system are not self-evident. Since introducing any new system also creates the possibility of introducing new errors, it is reasonable to avoid the introduction of new problems by simply allowing SCE to continue its current practices for interconnection under the Section 2827 tariff, in accordance with the transition provisions of D.14-03-041 and in compliance with the new reporting requirements set out by this decision.

2.3.3.1. CDCR Projects

CDCR suggests that it should be allowed to interconnect any of its projects that have reserved capacity, whether or not the Section 2827 capacity cap has been reached in SCE's service territory, or the date becomes July 1, 2017. This

[34] *See* Section 2827(c)(1).

approach is not consistent with the statutory restrictions on the scope and duration of the Section 2827 tariff. The Commission therefore does not adopt it.

CDCR identifies a number of steps in the interconnection process that it avers contribute to its need for an extended time period for eligibility for the Section 2827 tariff.[35] SCE proposes that it could assist CDCR by considering a CDCR project as complete once CDCR has submitted its final building inspection, regardless of any other steps SCE must take on the interconnection request.

SCE's proposal is not a concession. Rather, it is a statement of compliance with the condition for considering an interconnection application complete that the Commission set out in D.14-03-041. CDCR can therefore rely on having a project counted as complete once it has presented all necessary documents to SCE, including the interconnection application and the final building inspection.

2.3.3.2. Reporting

SCE should provide the information on the Section 2827 capacity cap in its advice letters that is required by this decision, as well as revise its web site to include the information required by this decision.

When all remaining capacity under the Section 2827 tariff capacity cap has been used by customers[36] interconnecting under the Section 2827 tariff, or July 1, 2017, whichever first occurs, SCE should:

1. Promptly post that information on its web site;

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[35] CDCR Opening Comments on Staff Proposal to Create a Reservation System, at 5, 8.

[36] As set out in D.14-03-041, "used by customers" includes both systems that have received Authorization to Operate and systems for which a customer has submitted a complete application, including a final building inspection report.

2. File a Tier 1 advice letter with the information that the capacity cap (or time limit) under the Section 2827 tariff has been reached;
3. Immediately make the NEM successor tariff available to all customers seeking to interconnect under a net energy metering tariff at any time after the Section 2827 tariff has been closed.

3. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Simon in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on June 6, 2016 by CALSEIA, CDCR, EFCA, NEM-PAC 2.0, PG&E, SCE, and TASC. Reply comments were filed on June 13, 2016 by CDCR, NEM-PAC 2.0, PG&E, SCE, and TASC.

All comments have been carefully considered. The most significant change to the PD on the basis of comments, as well as on new information, is the elimination of the requirement that SCE institute a reservation system for the remaining capacity under the Section 2827 tariff in its service territory. Based on PG&E's comments on the PD, a small but substantive change has been made to reflect PG&E's actual method of counting MWs toward its Section 2827 capacity cap, and corresponding changes have been made to PG&E's responsibilities under this decision. The dates given in the PD for PG&E and SCE to make various changes to the reporting in the NEM sections of their web sites have been changed to respond to the IOUs' suggestions.

Minor changes have been made throughout to improve clarity, remove inconsistencies, and correct inadvertent errors.

4. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Anne E. Simon is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. PG&E, SCE, and SDG&E are each required to report in monthly advice letter filings on the capacity used by customers under the Section 2827 tariff and the capacity remaining until each IOU attains the capacity cap under the Section 2827 tariff.

2. In addition to monthly advice letter filings, PG&E, SCE, and SDG&E each post information about their progress toward the Section 2827 capacity cap in sections of their web sites identified as having information about their NEM tariffs.

3. Prior to its April 11, 2016 advice letter filing, PG&E provided information in its advice letters on projects that had received Authorization to Operate under the Section 2827 tariff and projects for which the customer had completed an interconnection application, including the final building inspection, but had not yet received Authorization to Operate. Prior to its April 11, 2016 advice letter, PG&E did not report on capacity for which the customer has provided an interconnection application that was not yet complete.

4. In its April 11, 2016 advice letter filing, PG&E added a category of "Total NEM requests pending," which reports on projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided.

5. In its advice letter filings, SCE provides information on projects that have received Authorization to Operate under the Section 2827 tariff. SCE also reports on a combined category of projects for which the customer has completed an interconnection application, including the final building inspection, but has not yet received authorization to operate, and projects where an application has been

submitted but the final building inspection or other final documentation has not yet been provided.

6. In its advice letter filings, SDG&E provides information on projects that have received Authorization to Operate under the Section 2827 tariff. SDG&E also reports on a combined category of projects for which the customer has completed an interconnection application, including the final building inspection, but has not yet received authorization to operate, and projects where an application has been submitted but the final building inspection or other final documentation has not yet been provided.

7. The information in SDG&E's advice letters and the updates on its web site on its progress toward its Section 2827 capacity cap show that SDG&E has fewer than 7 MW in its Section 2827 capacity cap for which no interconnection applications have been submitted, though not all applications are complete.

8. The information in PG&E's April 11, 2016 advice letter and the April 24, 2016 update on its web site on its progress toward its Section 2827 capacity cap show that PG&E has received interconnection applications for all the MW in its Section 2827 capacity cap, though not all applications are complete.

9. The information in SCE's April 11, 2016 advice letter on its progress toward its Section 2827 capacity cap shows that SCE has received interconnection applications for approximately 71% of the MW in its Section 2827 capacity cap, though not all applications are complete.

10. It is reasonable to allow SDG&E to continue its current process for customers seeking to take service under the Section 2827 tariff until the total MW that have received authorization to operate and that have submitted complete applications, including final building inspection, reach SDG&E's capacity cap.

11. It is reasonable to allow PG&E to continue its current process for customers seeking to take service under the Section 2827 tariff until the total MW that have received authorization to operate, reach PG&E's capacity cap.

12. It is reasonable to allow SCE to continue its current process for customers seeking to take service under the Section 2827 tariff until the total MW that have received authorization to operate and that have submitted complete applications, including final building inspection reports, reach SCE's capacity cap.

Conclusions of Law

1. As stated in D.14-03-041, a customer may take service under the Section 2827 tariff if the customer's system has either received Authorization to Operate or the customer has submitted a complete application, including a final building inspection report, prior to the time the interconnecting IOU reaches its capacity cap under the Section 2827 tariff.

2. In order to maintain consistency with the process set out in D.14-03-041, SDG&E, PG&E, and SCE should each allow a customer to take service under the Section 2827 tariff if the customer meets the transition requirements of D.14-03-041.

3. In order to maintain consistency with the requirements of D.14-03-041, the Commission should take official notice of the provision of information about the progress of each IOU toward its Section 2827 tariff capacity cap in the monthly advice letters each IOU files in accordance with D.14-03-041, OP 7.

4. In order to maintain consistency with the requirements of D.14-03-041, PG&E should continue to use in its advice letters the same format and categories of information as provided in its advice letter dated April 11, 2016, except that PG&E should eliminate the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects

and Provide PG&E With the Final Building Permits Required to Be Approved for NEM."

5. In order to maintain consistency with the requirements of D.14-03-041, SDG&E should revise its advice letters to use the same format and categories of information as provided in PG&E's advice letter dated April 11, 2016, except that SDG&E should not use the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide [SDG&E] With the Final Building Permits Required to Be Approved for NEM."

6. In order to maintain consistency with the requirements of D.14-03-041, SCE should revise its advice letters to use the same format and categories of information as provided in PG&E's advice letter dated April 11, 2016, except that SCE should not use the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide [SCE] With the Final Building Permits Required to Be Approved for NEM."

7. In order to provide customers with timely and transparent information about progress toward the Section 2827 capacity cap under the Section 2827 tariff in its service territory, SDG&E should continue to provide reports at least daily on the progress toward the capacity cap in the NEM section of its web site in the same format and with the same categories of information as it used on April 11, 2016.

8. In order to provide customers with timely and transparent information about progress toward the capacity cap under the Section 2827 tariff in its service territory, PG&E should continue to provide weekly reports on the progress

toward the Section 2827 capacity cap in the NEM section of its web site in the format and with the categories of information required by this decision.

9. In order to provide customers with timely and transparent information about progress toward the Section 2827 capacity cap under the Section 2827 tariff in its service territory, PG&E should, not later than August 1, 2016, provide daily reports on the progress toward the capacity cap in the NEM section of its web site in the format and with the categories of information required by this decision.

10. In order to provide customers with timely and transparent information about progress toward the Section 2827 capacity cap under the Section 2827 tariff in its service territory, SCE should, not later than December 1, 2016, provide weekly reports on the progress toward the capacity cap in the NEM section of its web site in the format and with the categories of information required by this decision.

11. In order to provide customers with timely and transparent information about progress toward the capacity cap under the Section 2827 tariff in its service territory, SCE should, not later than April 1, 2017, or when the sum of the MW reported in (Cumulative NEM Installations + NEM Installations in Queue + Total NEM Requests Pending) = 90% of the MW available in SCE's Section 2827 capacity cap, whichever occurs first, provide daily reports on the progress toward the Section 2827 capacity cap in the NEM section of its web site in the format and with the categories of information required by this decision.

12. In order to provide customers with timely and transparent information about the capacity cap in its service territory, SDG&E should post in the NEM section of its web site a notice that the capacity under the Section 2827 tariff has been fully subscribed not more than one business day after SDG&E determines

that the sum of MW interconnected and MW for which customers have submitted complete applications, including final building inspections, equals the MW of its capacity cap for the Section 2827 tariff; the notice should also include the information that interconnection pursuant to the NEM successor tariff is available.

13. In order to provide customers with timely and transparent information about the attainment of the capacity cap in its service territory, PG&E should, not more than one business day after PG&E determines that the total capacity that has received Authorization to Operate is equal to PG&E's Section 2827 capacity cap, post in the NEM section of its web site a notice that the capacity under Section 2827 tariff has been fully subscribed, and that all customers that had submitted complete interconnection applications, including final building inspection reports, prior to the time the Section 2827 capacity cap was reached will be interconnected using the Section 2827 tariff. The notice should also include the information that interconnection pursuant to the NEM successor tariff is available.

14. In order to provide customers with timely and transparent information about the attainment of the capacity cap in its service territory, SCE should post in the NEM section of its web site a notice that the capacity under the Section 2827 tariff has been fully subscribed not more than one business day after SCE determines that the sum of MW interconnected and MW for which customers have submitted complete applications, including final building inspections, equals the MW of its capacity cap for the Section 2827 tariff, and that interconnection pursuant to the NEM successor tariff is available.

15. In order to provide customers the opportunity to take service under an appropriate NEM tariff, SDG&E should allow customers to take service under

the NEM successor tariff immediately upon determining that the capacity cap for customers taking service under the Section 2827 tariff has been reached.

16. In order to provide customers the opportunity to take service under an appropriate NEM tariff, PG&E should allow customers to take service under the NEM successor tariff immediately upon determining that the capacity cap for customers taking service under the Section 2827 tariff has been reached, while continuing to provide authorization to operate pursuant to the Section 2827 tariff to those customers that provided complete interconnection applications, including final building inspection reports, prior to PG&E determining that the capacity cap had been reached.

17. In order to provide customers the opportunity to take service under an appropriate NEM tariff, SCE should allow customers to take service under the NEM successor tariff immediately upon determining that the capacity cap for customers taking service under the Section 2827 tariff has been reached.

18. In order to allow customers to make informed decisions about installing NEM-eligible systems and to provide timely information about the progress toward the Section 2827 capacity cap in each IOU's service territory, this decision should be effective immediately.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) must continue to report progress toward its net energy metering cap under Pub. Util. Code § 2827 in its advice letters filed in compliance with Decision 14-03-041, Ordering Paragraph 7 in the same format and with the same categories of information as set out in

PG&E's Advice Letter 4824-E (April 11, 2016), except that PG&E may not use the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide PG&E With the Final Building Permits Required to Be Approved for NEM."

2. Not later than July 1, 2016, Pacific Gas and Electric Company must report on its web site, in the section on Net Energy Metering (NEM), information about the number of projects and number of megawatts that have received Authorization to Operate pursuant to the NEM tariff under Pub. Util. Code § 2827 in each month since January 2015, in the format prescribed by this decision.

3. Pacific Gas and Electric Company must continue to file advice letters in compliance with Decision 14-03-041 until the month following the month in which the total megawatts of systems that have received Authorization to Operate under the tariff authorized by Pub. Util. Code § 2827, is equal to the capacity cap of 2409 MW set by Pub. Util. Code § 2827(c)(4)(B)(iii).

4. Not later than August 1, 2016, Pacific Gas and Electric Company must provide daily reports on the progress toward the capacity cap for the net energy metering (NEM) tariff under Pub. Util. Code § 2827 in the NEM section of its web site, using the format and with the categories of information required by this decision.

5. Not later than 30 days from the date on which the total megawatts of systems that have received Authorization to Operate under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 2409 MW set by Pub. Util. Code § 2827(c)(4)(B)(iii), Pacific Gas and Electric Company (PG&E) must file a Tier 1 advice letter that includes the following information:

a. Total MW that have received authorization to operate under the Section 2827 tariff;

b. Total MW that have submitted complete applications, including final building inspection, and are awaiting Authorization to Operate under the Section 2827 tariff;

c. The date that the total MW of systems that have received Authorization to Operate under the Section 2827 tariff reached the capacity cap of 2409 MW set by Pub. Util. Code § 2827(c)(4)(B)(iii);

d. The date the Section 2827 tariff was closed to new customers in the service territory of PG&E;

e. The date the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044, was first offered to customers in the service territory of PG&E.

6. Pacific Gas and Electric Company (PG&E) must continue to report the information provided in its advice letters, as well as information about the number of projects and number of megawatts (MW) that have received Authorization to Operate in each month since January 2015, on its web site in the section on Net Energy Metering (NEM), updated weekly until July 31, 2016. Beginning August 1, 2016, PG&E must provide daily updates to the information about progress toward the capacity cap in the NEM section of its web site until such time as the total MW of capacity of systems that have received Authorization to Operate under the tariff authorized by Pub. Util. Code § 2827, is equal to the capacity cap of 2409 MW set by Pub. Util. Code § 2827(c)(4)(B)(iii).

7. Not later than one business day after the total megawatts (MW) of systems in the service territory of Pacific Gas & Electric Company (PG&E) that have received Authorization to Operate under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 2409 MW set by Pub. Util. Code § 2827(c)(4)(B)(iii), PG&E must post in the Net Energy Metering

(NEM) section of its web site notification that the capacity cap has been reached, and that the Section 2827 tariff is closed to new customers, except that customers who provided complete interconnection applications, including final building inspection reports, prior to PG&E reaching the capacity cap will be able to receive Authorization to Operate under the Section 2827 tariff. PG&E must also provide information that the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044 (NEM successor tariff), is available immediately, and provide information about interconnection under the NEM successor tariff.

8. San Diego Gas & Electric Company (SDG&E) must, at the first available opportunity, revise the format and information provided in the advice letters it files in compliance with Decision 14-03-041, Ordering Paragraph 7 to include all the information provided in Advice Letter 4824-E, filed by Pacific Gas and Electric Company on April 11, 2016, except that SDG&E may not use the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide [SDG&E] With the Final Building Permits Required to Be Approved for NEM."

9. San Diego Gas & Electric Company (SDG&E) must continue to file advice letters in compliance with Decision 14-03-041 until the month following the month in which the total megawatts (MW) of systems that have received Authorization to Operate plus the total MW of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827, is equal to the capacity cap of 617 MW for SDG&E set by Pub. Util. Code § 2827(c)(4)(B)(i), as updated by SDG&E's Advice Letter 2799-E.

10. Not later than 30 days from the date on which the total megawatts (MW) of systems that have received Authorization to Operate plus the total MW of capacity of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 617 MW set by Pub. Util. Code § 2827(c)(4)(B)(i), as updated by its Advice Letter (AL) 2799-E, San Diego Gas & Electric Company (SDG&E) must file a Tier 1 advice letter that includes the following information:

a. Total MW that have received Authorization to Operate under the Section 2827 tariff;

b. Total MW that have submitted complete applications, including final building inspection, and are awaiting Authorization to Operate under the Section 2827 tariff;

c. The date that the total MW of systems that have received Authorization to Operate plus the total MW of systems that have submitted complete applications, including final building inspection, for interconnection under the Section 2827 tariff, reached the capacity cap of 617 MW set by Pub. Util. Code § 2827(c)(4)(B)(i), as updated by AL 2799-E;

d. The date the tariff authorized by Pub. Util. Code § 2827 was closed to new customers in the service territory of SDG&E; and

e. The date the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044, was first offered to customers in the service territory of SDG&E.

11. San Diego Gas & Electric Company (SDG&E) must continue to provide reports at least daily on the progress toward the capacity cap under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff) in the net energy metering section of its web site in the same format as it used on April 11, 2016, until such time as the total megawatt (MW) of capacity of systems that have received Authorization to Operate plus the total MW of capacity of systems that

have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827, is equal to the capacity cap of 617 MW set by Pub. Util. Code § 2827(c)(4)(B)(i), as updated by SDG&E's Advice Letter 2799-E.

12. Not later than one business day after the total megawatts (MW) of systems in the service territory of San Diego Gas & Electric Company (SDG&E) that have received Authorization to Operate plus the total MW of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 607 MW set by Pub. Util. Code § 2827(c)(4)(B)(i), as updated by Advice Letter 2799-E, SDG&E must post in the Net Energy Metering (NEM) section of its web site notification that the capacity cap has been reached, and the Section 2827 tariff is closed to new customers. SDG&E must also provide information that the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044 (NEM successor tariff), is available immediately, and provide information about interconnection under the NEM successor tariff.

13. Southern California Edison Company (SCE) must, at the first available opportunity, revise the format and information provided in the advice letters it files in compliance with Decision 14-03-041, Ordering Paragraph 7 to include all the information provided in Advice Letter 4824-E, filed by Pacific Gas and Electric Company on April 11, 2016, except that SCE may not use the field titled "Remaining MWs to NEM Cap Assuming All Pending Requests on the Line Immediately Above Complete Their Projects and Provide [SCE] With the Final Building Permits Required to Be Approved for NEM."

14. Southern California Edison Company must continue to file advice letters in compliance with Decision 14-03-041 until the month following the month in which the total megawatts (MW) of systems that have received Authorization to Operate plus the total MW of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827, is equal to the capacity cap of 2240 MW set by Pub. Util. Code § 2827(c)(4)(B)(i), or July 1, 2017, whichever first occurs.

15. Not later than 30 days after the date on which the total megawatts (MW) of systems that have received Authorization to Operate plus the total MW of capacity of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 2240 MW set by Pub. Util. Code § 2827(c)(4)(B)(ii), or July 1, 2017, whichever first occurs, Southern California Edison Company (SCE) must file a Tier 1 advice letter that includes the following information:

a. Total MW that have received Authorization to Operate under the Section 2827 tariff;

b. Total MW that have submitted complete applications, including final building inspection, and are awaiting Authorization to Operate under the Section 2827 tariff;

c. The date that the total MW of systems that have received Authorization to Operate plus the total MW of capacity of systems that have submitted complete applications, including final building inspection, for interconnection under the Section 2827 tariff reached the capacity cap of 2240 MW set by Pub. Util. Code § 2827(c)(4)(B)(ii);

d. The date the tariff authorized by Pub. Util. Code § 2827 was closed to new customers in the service territory of SCE; and

e. The date the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044, was first offered to customers in the service territory of SCE.

16. Southern California Edison Company must continue to report the information provided in its advice letters regarding progress toward the net energy metering cap under the tariff pursuant to Pub. Util. Code § 2827, revised in accordance with this decision, as well as information about the number of projects and number of megawatts that have received Authorization to Operate in each month since January 2015, on its web site in the section on Net Energy Metering, beginning July 1, 2016.

17. Not later than December 1, 2016, Southern California Edison Company must begin a weekly update of the information in the net energy metering section of its web site.

18. Beginning April 1, 2017, or when the sum of the megawatts (MW) reported in (Cumulative Net Energy Metering [NEM] Installations + NEM Installations in Queue + Total NEM Requests Pending) = 90% of the MW available in Southern California Edison Company's (SCE) capacity cap, whichever occurs first, SCE must provide daily updates to the information in the NEM section of its web site until such time as the total MW of systems that have received Authorization to Operate plus the total MW of systems that have submitted complete applications, including final building inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 2240 MW set by Pub. Util. Code § 2827(c)(4)(B)(ii).

19. Not later than one business day after the total megawatts (MW) of capacity of systems in the service territory of Southern California Edison Company (SCE) that have received Authorization to Operate plus the total MW of capacity of systems that have submitted complete applications, including final building

inspection, for interconnection under the tariff authorized by Pub. Util. Code § 2827 (Section 2827 tariff), is equal to the capacity cap of 2240 MW set by Pub. Util. Code § 2827(c)(4)(B(ii), SCE must post in the Net Energy Metering (NEM) section of its web site notification that the capacity cap has been reached, and that the Section 2827 tariff is closed to new customers. SCE must also provide information that the tariff authorized by Pub. Util. Code § 2827.1, as implemented by Decision 16-01-044 (NEM successor tariff), is available immediately, and provide information about interconnection under the NEM successor tariff.

20. Rulemaking 14-07-002 remains open.

This decision is effective today.

Dated June 23, 2016, at San Francisco, California.

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

ATTACHMENT A
Public Utilities Code Section 2827

(a) The Legislature finds and declares that a program to provide net energy metering combined with net surplus compensation, co-energy metering, and wind energy co-metering for eligible customer-generators is one way to encourage substantial private investment in renewable energy resources, stimulate in-state economic growth, reduce demand for electricity during peak consumption periods, help stabilize California's energy supply infrastructure, enhance the continued diversification of California's energy resource mix, reduce interconnection and administrative costs for electricity suppliers, and encourage conservation and efficiency.
(b) As used in this section, the following terms have the following meanings:
(1) "Co-energy metering" means a program that is the same in all other respects as a net energy metering program, except that the local publicly owned electric utility has elected to apply a generation-to-generation energy and time-of-use credit formula as provided in subdivision (i).
(2) "Electrical cooperative" means an electrical cooperative as defined in Section 2776.
(3) "Electric utility" means an electrical corporation, a local publicly owned electric utility, or an electrical cooperative, or any other entity, except an electric service provider, that offers electrical service. This section shall not apply to a local publicly owned electric utility that serves more than 750,000 customers and that also conveys water to its customers.
(4) (A) "Eligible customer-generator" means a residential customer, small commercial customer as defined in subdivision (h) of Section 331, or commercial, industrial, or agricultural customer of an electric utility, who uses a renewable electrical generation facility, or a combination of those facilities, with a total capacity of not more than one megawatt, that is located on the customer's owned, leased, or rented premises, and is interconnected and operates in parallel with the electrical grid, and is intended primarily to offset part or all of the customer's own electrical requirements.
(B) (i) Notwithstanding subparagraph (A), "eligible customer-generator" includes the Department of Corrections and Rehabilitation using a renewable electrical generation technology, or a combination of renewable electrical generation technologies, with a total capacity of not more than eight megawatts, that is located on the department's owned, leased, or rented premises, and is interconnected and operates in parallel with the electrical grid, and is intended primarily to offset part or all of the facility's own electrical requirements. The amount of any wind generation exported to the electrical grid shall not exceed 1.35 megawatt at any time.
(ii) Notwithstanding paragraph (2) of subdivision (e), an electrical corporation shall be afforded a prudent but necessary time, as determined by the executive director of the commission, to study the impacts of a request for interconnection of a renewable generator with a capacity of greater than one megawatt under this subparagraph. If the study reveals the need for upgrades to the transmission or distribution system arising solely from the

interconnection, the electrical corporation shall be afforded the time necessary to complete those upgrades before the interconnection and those costs shall be borne by the customer-generator. Upgrade projects shall comply with applicable state and federal requirements, including requirements of the Federal Energy Regulatory Commission.
(C) (i) For purposes of this subparagraph, a "United States Armed Forces base or facility" is an establishment under the jurisdiction of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard.
(ii) Notwithstanding subparagraph (A), a United States Armed Forces base or facility is an "eligible customer-generator" if the base or facility uses a renewable electrical generation facility, or a combination of those facilities, the renewable electrical generation facility is located on premises owned, leased, or rented by the United States Armed Forces base or facility, the renewable electrical generation facility is interconnected and operates in parallel with the electrical grid, the renewable electrical generation facility is intended primarily to offset part or all of the base or facility's own electrical requirements, and the renewable electrical generation facility has a generating capacity that does not exceed the lesser of 12 megawatts or one megawatt greater than the minimum load of the base or facility over the prior 36 months. Unless prohibited by federal law, a renewable electrical generation facility shall not be eligible for net energy metering for privatized military housing pursuant to this subparagraph if the renewable electrical generation facility was procured using a sole source process. A renewable electrical generation facility procured using best value criteria, if otherwise eligible, may be used for net energy metering for privatized military housing pursuant to this subparagraph. For these purposes, "best value criteria" means a value determined by objective criteria and may include, but is not limited to, price, features, functions, and life-cycle costs.
(iii) A United States Armed Forces base or facility that is an eligible customer generator pursuant to this subparagraph shall not receive compensation for exported generation.
(iv) Notwithstanding paragraph (2) of subdivision (e), an electrical corporation shall be afforded a prudent but necessary time, as determined by the executive director of the commission but not less than 60 working days, to study the impacts of a request for interconnection of a renewable electrical generation facility with a capacity of greater than one megawatt pursuant to this subparagraph. If the study reveals the need for upgrades to the transmission or distribution system arising solely from the interconnection, the electrical corporation shall be afforded the time necessary to complete those upgrades before the interconnection and the costs of those upgrades shall be borne by the eligible customer-generator. Upgrade projects shall comply with applicable state and federal requirements, including requirements of the Federal Energy Regulatory Commission. For any renewable generation facility that interconnects directly to the transmission grid or that requires transmission upgrades, the United States Armed Forces base or facility shall comply with all Federal Energy Regulatory Commission interconnection procedures and requirements.
(v) An electrical corporation shall make a tariff, as approved by the commission, available pursuant to this subparagraph by November 1, 2015.

(5) "Large electrical corporation" means an electrical corporation with more than 100,000 service connections in California.
(6) "Net energy metering" means measuring the difference between the electricity supplied through the electrical grid and the electricity generated by an eligible customer-generator and fed back to the electrical grid over a 12-month period as described in subdivisions (c) and (h).
(7) "Net surplus customer-generator" means an eligible customer-generator that generates more electricity during a 12-month period than is supplied by the electric utility to the eligible customer-generator during the same 12-month period.
(8) "Net surplus electricity" means all electricity generated by an eligible customer-generator measured in kilowatthours over a 12-month period that exceeds the amount of electricity consumed by that eligible customer-generator.
(9) "Net surplus electricity compensation" means a per kilowatthour rate offered by the electric utility to the net surplus customer-generator for net surplus electricity that is set by the ratemaking authority pursuant to subdivision (h).
(10) "Ratemaking authority" means, for an electrical corporation, the commission, for an electrical cooperative, its ratesetting body selected by its shareholders or members, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned utility.
(11) "Renewable electrical generation facility" means a facility that generates electricity from a renewable source listed in paragraph (1) of subdivision (a) of Section 25741 of the Public Resources Code. A small hydroelectric generation facility is not an eligible renewable electrical generation facility if it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.
(12) "Wind energy co-metering" means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electrical grid and the electricity generated by an eligible customer-generator and fed back to the electrical grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.
(c) (1) Except as provided in paragraph (4) and in Section 2827.1, every electric utility shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5 percent of the electric utility's aggregate customer peak demand. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the eligible customer-generator, at the expense of the electric utility, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the eligible customer-generator pursuant to subdivision (h), or to collect generating system performance information for research purposes relative to a renewable electrical generation facility. If the existing electrical meter of an eligible customer-generator is not

capable of measuring the flow of electricity in two directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator that is receiving service other than through the standard contract or tariff may elect to receive service through the standard contract or tariff until the electric utility reaches the generation limit set forth in this paragraph. Once the generation limit is reached, only eligible customer-generators that had previously elected to receive service pursuant to the standard contract or tariff have a right to continue to receive service pursuant to the standard contract or tariff. Eligibility for net energy metering does not limit an eligible customer-generator's eligibility for any other rebate, incentive, or credit provided by the electric utility, or pursuant to any governmental program, including rebates and incentives provided pursuant to the California Solar Initiative.

(2) An electrical corporation shall include a provision in the net energy metering contract or tariff requiring that any customer with an existing electrical generating facility and meter who enters into a new net energy metering contract shall provide an inspection report to the electrical corporation, unless the electrical generating facility and meter have been installed or inspected within the previous three years. The inspection report shall be prepared by a California licensed contractor who is not the owner or operator of the facility and meter. A California licensed electrician shall perform the inspection of the electrical portion of the facility and meter.

(3) (A) On an annual basis, every electric utility shall make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area and the net surplus electricity purchased by the electric utility pursuant to this section.

(B) An electric service provider operating pursuant to Section 394 shall make available to the ratemaking authority the information required by this paragraph for each eligible customer-generator that is their customer for each service area of an electrical corporation, local publicly owned electrical utility, or electrical cooperative, in which the eligible customer-generator has net energy metering.

(C) The ratemaking authority shall develop a process for making the information required by this paragraph available to electric utilities, and for using that information to determine when, pursuant to paragraphs (1) and (4), an electric utility is not obligated to provide net energy metering to additional eligible customer-generators in its service area.

(4) (A) An electric utility that is not a large electrical corporation is not obligated to provide net energy metering to additional eligible customer-generators in its service area when the combined total peak demand of all electricity used by eligible customer-generators served by all the electric utilities in that service area furnishing net energy metering to eligible customer-generators exceeds 5 percent of the aggregate customer peak demand of those electric utilities.

(B) The commission shall require every large electrical corporation to make the standard contract or tariff available to eligible customer-generators, continuously and without interruption, until such times as the large electrical corporation reaches its net energy metering program limit or July 1, 2017, whichever is earlier. A large electrical corporation reaches its program limit when the combined total peak demand of all electricity used by eligible customer-generators served by all the electric utilities in the large electrical corporation's service area furnishing net energy metering to eligible customer-generators exceeds 5 percent of the aggregate customer peak demand of those electric utilities. For purposes of calculating a large electrical corporation's program limit, "aggregate customer peak demand" means the highest sum of the noncoincident peak demands of all of the large electrical corporation's customers that occurs in any calendar year. To determine the aggregate customer peak demand, every large electrical corporation shall use a uniform method approved by the commission. The program limit calculated pursuant to this paragraph shall not be less than the following:
(i) For San Diego Gas and Electric Company, when it has made 607 megawatts of nameplate generating capacity available to eligible customer-generators.
(ii) For Southern California Edison Company, when it has made 2,240 megawatts of nameplate generating capacity available to eligible customer-generators.
(iii) For Pacific Gas and Electric Company, when it has made 2,409 megawatts of nameplate generating capacity available to eligible customer-generators.
(C) Every large electrical corporation shall file a monthly report with the commission detailing the progress toward the net energy metering program limit established in subparagraph (B). The report shall include separate calculations on progress toward the limits based on operating solar energy systems, cumulative numbers of interconnection requests for net energy metering eligible systems, and any other criteria required by the commission.
(D) Beginning July 1, 2017, or upon reaching the net metering program limit of subparagraph (B), whichever is earlier, the obligation of a large electrical corporation to provide service pursuant to a standard contract or tariff shall be pursuant to Section 2827.1 and applicable state and federal requirements.
(d) Every electric utility shall make all necessary forms and contracts for net energy metering and net surplus electricity compensation service available for download from the Internet.
(e) (1) Every electric utility shall ensure that requests for establishment of net energy metering and net surplus electricity compensation are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date it receives a completed application form for net energy metering service or net surplus electricity compensation, including a signed interconnection agreement from an eligible customer-generator and the electric inspection clearance from the governmental authority having jurisdiction.
(2) Every electric utility shall ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working

days from the date it receives a completed application form from the eligible customer-generator for an interconnection agreement.
(3) If an electric utility is unable to process a request within the allowable timeframe pursuant to paragraph (1) or (2), it shall notify the eligible customer-generator and the ratemaking authority of the reason for its inability to process the request and the expected completion date.
(f) (1) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365, or Section 365.1, with an electric service provider that does not provide distribution service for the direct transactions, the electric utility that provides distribution service for the eligible customer-generator is not obligated to provide net energy metering or net surplus electricity compensation to the customer.
(2) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 or 365.1 with an electric service provider, and the customer is an eligible customer-generator, the electric utility that provides distribution service for the direct transactions may recover from the customer's electric service provider the incremental costs of metering and billing service related to net energy metering and net surplus electricity compensation in an amount set by the ratemaking authority.
(g) Except for the time-variant kilowatthour pricing portion of any tariff adopted by the commission pursuant to paragraph (4) of subdivision (a) of Section 2851, each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer did not use a renewable electrical generation facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of a renewable electrical generation facility. The charges for all retail rate components for eligible customer-generators shall be based exclusively on the customer-generator's net kilowatthour consumption over a 12-month period, without regard to the eligible customer-generator's choice as to from whom it purchases electricity that is not self-generated. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or any other charge that would increase an eligible customer-generator's costs beyond those of other customers who are not eligible customer-generators in the rate class to which the eligible customer-generator would otherwise be assigned if the customer did not own, lease, rent, or otherwise operate a renewable electrical generation facility is contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.
(h) For eligible customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electrical grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:
(1) The eligible residential or small commercial customer-generator, at the end of each 12-month period following the date of final interconnection of the eligible customer-

generator's system with an electric utility, and at each anniversary date thereafter, shall be billed for electricity used during that 12-month period. The electric utility shall determine if the eligible residential or small commercial customer-generator was a net consumer or a net surplus customer-generator during that period.
(2) At the end of each 12-month period, where the electricity supplied during the period by the electric utility exceeds the electricity generated by the eligible residential or small commercial customer-generator during that same period, the eligible residential or small commercial customer-generator is a net electricity consumer and the electric utility shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that 12-month period. The compensation owed for the eligible residential or small commercial customer-generator's consumption shall be calculated as follows:
(A) For all eligible customer-generators taking service under contracts or tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to, or be eligible for, if the customer was not an eligible customer-generator. If those same customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price per kilowatthour as the electric utility would charge for the baseline quantity of electricity during that billing period, and if the number of kilowatthours generated exceeds the baseline quantity, the excess shall be valued at the same price per kilowatthour as the electric utility would charge for electricity over the baseline quantity during that billing period.
(B) For all eligible customer-generators taking service under contracts or tariffs employing time-of-use rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned, or be eligible for, if the customer was not an eligible customer-generator. When those same customer-generators are net generators during any discrete time-of-use period, the net kilowatthours produced shall be valued at the same price per kilowatthour as the electric utility would charge for retail kilowatthour sales during that same time-of-use period. If the eligible customer-generator's time-of-use electrical meter is unable to measure the flow of electricity in two directions, paragraph (1) of subdivision (c) shall apply.
(C) For all eligible residential and small commercial customer-generators and for each billing period, the net balance of moneys owed to the electric utility for net consumption of electricity or credits owed to the eligible customer-generator for net generation of electricity shall be carried forward as a monetary value until the end of each 12-month period. For all eligible commercial, industrial, and agricultural customer-generators, the net balance of moneys owed shall be paid in accordance with the electric utility's normal billing cycle, except that if the eligible commercial, industrial, or agricultural customer-generator is a net electricity producer over a normal billing cycle, any excess kilowatthours generated during the billing cycle shall be carried over to the following billing period as a monetary value, calculated according to the procedures set forth in this section, and appear as a credit on the eligible commercial, industrial, or agricultural customer-generator's account, until the end of the annual period when paragraph (3) shall apply.

(3) At the end of each 12-month period, where the electricity generated by the eligible customer-generator during the 12-month period exceeds the electricity supplied by the electric utility during that same period, the eligible customer-generator is a net surplus customer-generator and the electric utility, upon an affirmative election by the net surplus customer-generator, shall either (A) provide net surplus electricity compensation for any net surplus electricity generated during the prior 12-month period, or (B) allow the net surplus customer-generator to apply the net surplus electricity as a credit for kilowatthours subsequently supplied by the electric utility to the net surplus customer-generator. For an eligible customer-generator that does not affirmatively elect to receive service pursuant to net surplus electricity compensation, the electric utility shall retain any excess kilowatthours generated during the prior 12-month period. The eligible customer-generator not affirmatively electing to receive service pursuant to net surplus electricity compensation shall not be owed any compensation for the net surplus electricity unless the electric utility enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours. Every electric utility shall provide notice to eligible customer-generators that they are eligible to receive net surplus electricity compensation for net surplus electricity, that they must elect to receive net surplus electricity compensation, and that the 12-month period commences when the electric utility receives the eligible customer-generator's election. For an electric utility that is an electrical corporation or electrical cooperative, the commission may adopt requirements for providing notice and the manner by which eligible customer-generators may elect to receive net surplus electricity compensation.

(4) (A) An eligible customer-generator with multiple meters may elect to aggregate the electrical load of the meters located on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the renewable electrical generation facility is located, if those properties are solely owned, leased, or rented by the eligible customer-generator. If the eligible customer-generator elects to aggregate the electric load pursuant to this paragraph, the electric utility shall use the aggregated load for the purpose of determining whether an eligible customer-generator is a net consumer or a net surplus customer-generator during a 12-month period.

(B) If an eligible customer-generator chooses to aggregate pursuant to subparagraph (A), the eligible customer-generator shall be permanently ineligible to receive net surplus electricity compensation, and the electric utility shall retain any kilowatthours in excess of the eligible customer-generator's aggregated electrical load generated during the 12-month period.

(C) If an eligible customer-generator with multiple meters elects to aggregate the electrical load of those meters pursuant to subparagraph (A), and different rate schedules are applicable to service at any of those meters, the electricity generated by the renewable electrical generation facility shall be allocated to each of the meters in proportion to the electrical load served by those meters. For example, if the eligible customer-generator receives electric service through three meters, two meters being at an agricultural rate that

each provide service to 25 percent of the customer's total load, and a third meter, at a commercial rate, that provides service to 50 percent of the customer's total load, then 50 percent of the electrical generation of the eligible renewable generation facility shall be allocated to the third meter that provides service at the commercial rate and 25 percent of the generation shall be allocated to each of the two meters providing service at the agricultural rate. This proportionate allocation shall be computed each billing period.
(D) This paragraph shall not become operative for an electrical corporation unless the commission determines that allowing eligible customer-generators to aggregate their load from multiple meters will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators. The commission shall make this determination by September 30, 2013. In making this determination, the commission shall determine if there are any public purpose or other noncommodity charges that the eligible customer-generators would pay pursuant to the net energy metering program as it exists prior to aggregation, that the eligible customer-generator would not pay if permitted to aggregate the electrical load of multiple meters pursuant to this paragraph.
(E) A local publicly owned electric utility or electrical cooperative shall only allow eligible customer-generators to aggregate their load if the utility's ratemaking authority determines that allowing eligible customer-generators to aggregate their load from multiple meters will not result in an increase in the expected revenue obligations of customers that are not eligible customer-generators. The ratemaking authority of a local publicly owned electric utility or electrical cooperative shall make this determination within 180 days of the first request made by an eligible customer-generator to aggregate their load. In making the determination, the ratemaking authority shall determine if there are any public purpose or other noncommodity charges that the eligible customer-generator would pay pursuant to the net energy metering or co-energy metering program of the utility as it exists prior to aggregation, that the eligible customer-generator would not pay if permitted to aggregate the electrical load of multiple meters pursuant to this paragraph. If the ratemaking authority determines that load aggregation will not cause an incremental rate impact on the utility's customers that are not eligible customer-generators, the local publicly owned electric utility or electrical cooperative shall permit an eligible customer-generator to elect to aggregate the electrical load of multiple meters pursuant to this paragraph. The ratemaking authority may reconsider any determination made pursuant to this subparagraph in a subsequent public proceeding.
(F) For purposes of this paragraph, parcels that are divided by a street, highway, or public thoroughfare are considered contiguous, provided they are otherwise contiguous and under the same ownership.
(G) An eligible customer-generator may only elect to aggregate the electrical load of multiple meters if the renewable electrical generation facility, or a combination of those facilities, has a total generating capacity of not more than one megawatt.
(H) Notwithstanding subdivision (g), an eligible customer-generator electing to aggregate the electrical load of multiple meters pursuant to this subdivision shall remit service

charges for the cost of providing billing services to the electric utility that provides service to the meters.
(5) (A) The ratemaking authority shall establish a net surplus electricity compensation valuation to compensate the net surplus customer-generator for the value of net surplus electricity generated by the net surplus customer-generator. The commission shall establish the valuation in a ratemaking proceeding. The ratemaking authority for a local publicly owned electric utility shall establish the valuation in a public proceeding. The net surplus electricity compensation valuation shall be established so as to provide the net surplus customer-generator just and reasonable compensation for the value of net surplus electricity, while leaving other ratepayers unaffected. The ratemaking authority shall determine whether the compensation will include, where appropriate justification exists, either or both of the following components:
(i) The value of the electricity itself.
(ii) The value of the renewable attributes of the electricity.
(B) In establishing the rate pursuant to subparagraph (A), the ratemaking authority shall ensure that the rate does not result in a shifting of costs between eligible customer-generators and other bundled service customers.
(6) (A) Upon adoption of the net surplus electricity compensation rate by the ratemaking authority, any renewable energy credit, as defined in Section 399.12, for net surplus electricity purchased by the electric utility shall belong to the electric utility. Any renewable energy credit associated with electricity generated by the eligible customer-generator that is utilized by the eligible customer-generator shall remain the property of the eligible customer-generator.
(B) Upon adoption of the net surplus electricity compensation rate by the ratemaking authority, the net surplus electricity purchased by the electric utility shall count toward the electric utility's renewables portfolio standard annual procurement targets for the purposes of paragraph (1) of subdivision (b) of Section 399.15, or for a local publicly owned electric utility, the renewables portfolio standard annual procurement targets established pursuant to Section 399.30.
(7) The electric utility shall provide every eligible residential or small commercial customer-generator with net electricity consumption and net surplus electricity generation information with each regular bill. That information shall include the current monetary balance owed the electric utility for net electricity consumed, or the net surplus electricity generated, since the last 12-month period ended. Notwithstanding this subdivision, an electric utility shall permit that customer to pay monthly for net energy consumed.
(8) If an eligible residential or small commercial customer-generator terminates the customer relationship with the electric utility, the electric utility shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(9) If an electric service provider or electric utility providing net energy metering to a residential or small commercial customer-generator ceases providing that electric service to that customer during any 12-month period, and the customer-generator enters into a new net energy metering contract or tariff with a new electric service provider or electric utility, the 12-month period, with respect to that new electric service provider or electric utility, shall commence on the date on which the new electric service provider or electric utility first supplies electric service to the customer-generator.
(i) Notwithstanding any other provisions of this section, paragraphs (1), (2), and (3) shall apply to an eligible customer-generator with a capacity of more than 10 kilowatts, but not exceeding one megawatt, that receives electric service from a local publicly owned electric utility that has elected to utilize a co-energy metering program unless the local publicly owned electric utility chooses to provide service for eligible customer-generators with a capacity of more than 10 kilowatts in accordance with subdivisions (g) and (h):
(1) The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide time-of-use measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer-generator is not a time-of-use meter or is not capable of measuring total flow of electricity in both directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This subdivision shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a governmental agency or an electric utility to reduce its costs for purchasing and installing a time-of-use meter.
(2) The consumption of electricity from the local publicly owned electric utility shall result in a cost to the eligible customer-generator to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use a renewable electrical generation facility. The generation of electricity provided to the local publicly owned electric utility shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use a renewable electrical generation facility.
(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the local publicly owned electric utility the balance of electricity costs and credits during that billing period. In any billing period in which the eligible customer-generator has been a net producer of electricity calculated on the basis of value determined pursuant to paragraph (2), the local publicly owned electric utility shall owe to the eligible customer-generator the balance of electricity costs and credits during that billing period. Any net credit to the eligible customer-generator of

electricity costs may be carried forward to subsequent billing periods, provided that a local publicly owned electric utility may choose to carry the credit over as a kilowatthour credit consistent with the provisions of any applicable contract or tariff, including any differences attributable to the time of generation of the electricity. At the end of each 12-month period, the local publicly owned electric utility may reduce any net credit due to the eligible customer-generator to zero.

(j) A renewable electrical generation facility used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including Underwriters Laboratories Incorporated and, where applicable, rules of the commission regarding safety and reliability. A customer-generator whose renewable electrical generation facility meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(k) If the commission determines that there are cost or revenue obligations for an electrical corporation that may not be recovered from customer-generators acting pursuant to this section, those obligations shall remain within the customer class from which any shortfall occurred and shall not be shifted to any other customer class. Net energy metering and co-energy metering customers shall not be exempt from the public goods charges imposed pursuant to Article 7 (commencing with Section 381), Article 8 (commencing with Section 385), or Article 15 (commencing with Section 399) of Chapter 2.3 of Part 1.

(l) A net energy metering, co-energy metering, or wind energy co-metering customer shall reimburse the Department of Water Resources for all charges that would otherwise be imposed on the customer by the commission to recover bond-related costs pursuant to an agreement between the commission and the Department of Water Resources pursuant to Section 80110 of the Water Code, as well as the costs of the department equal to the share of the department's estimated net unavoidable power purchase contract costs attributable to the customer. The commission shall incorporate the determination into an existing proceeding before the commission, and shall ensure that the charges are nonbypassable. Until the commission has made a determination regarding the nonbypassable charges, net energy metering, co-energy metering, and wind energy co-metering shall continue under the same rules, procedures, terms, and conditions as were applicable on December 31, 2002.

(m) In implementing the requirements of subdivisions (k) and (l), an eligible customer-generator shall not be required to replace its existing meter except as set forth in paragraph (1) of subdivision (c), nor shall the electric utility require additional measurement of usage beyond that which is necessary for customers in the same rate class as the eligible customer-generator.

(n) It is the intent of the Legislature that the Treasurer incorporate net energy metering, including net surplus electricity compensation, co-energy metering, and wind energy co-metering projects undertaken pursuant to this section as sustainable building methods or distributive energy technologies for purposes of evaluating low-income housing projects.

(END OF ATTACHMENT A)

ATTACHMENT B

Public Utilities Code Section 2827.1

(a) For purposes of this section, "eligible customer-generator," "large electrical corporation," and "renewable electrical generation facility" have the same meanings as defined in Section 2827.
(b) Notwithstanding any other law, the commission shall develop a standard contract or tariff, which may include net energy metering, for eligible customer-generators with a renewable electrical generation facility that is a customer of a large electrical corporation no later than December 31, 2015. The commission may develop the standard contract or tariff prior to December 31, 2015, and may require a large electrical corporation that has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827 to offer the standard contract or tariff to eligible customer-generators. A large electrical corporation shall offer the standard contract or tariff to an eligible customer-generator beginning July 1, 2017, or prior to that date if ordered to do so by the commission because it has reached the net energy metering program limit of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827. The commission may revise the standard contract or tariff as appropriate to achieve the objectives of this section. In developing the standard contract or tariff, the commission shall do all of the following:
(1) Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.
(2) Establish terms of service and billing rules for eligible customer-generators.
(3) Ensure that the standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility.
(4) Ensure that the total benefits of the standard contract or tariff to all customers and the electrical system are approximately equal to the total costs.
(5) Allow projects greater than one megawatt that do not have significant impact on the distribution grid to be built to the size of the onsite load if the projects with a capacity of more than one megawatt are subject to reasonable interconnection charges established pursuant to the commission's Electric Rule 21 and applicable state and federal requirements.
(6) Establish a transition period during which eligible customer-generators taking service under a net energy metering tariff or contract prior to July 1, 2017, or until the electrical corporation reaches its net energy metering program limit pursuant to subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, whichever is earlier, shall be eligible to continue service under the previously applicable net energy metering tariff for a length of time to be determined by the commission by March 31, 2014. Any rules adopted by the commission shall consider a reasonable expected payback period based on the year the customer initially took service under the tariff or contract authorized by Section 2827.

(7) The commission shall determine which rates and tariffs are applicable to customer generators only during a rulemaking proceeding. Any fixed charges for residential customer generators that differ from the fixed charges allowed pursuant to subdivision (f) of Section 739.9 shall be authorized only in a rulemaking proceeding involving every large electrical corporation. The commission shall ensure customer generators are provided electric service at rates that are just and reasonable.
(c) Beginning July 1, 2017, or when ordered to do so by the commission because the large electrical corporation has reached its capacity limitation of subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, all new eligible customer-generators shall be subject to the standard contract or tariff developed by the commission and any rules, terms, and rates developed pursuant to subdivision (b). There shall be no limitation on the amount of generating capacity or number of new eligible customer-generators entitled to receive service pursuant to the standard contract or tariff after July 1, 2017. An eligible customer-generator that has received service under a net energy metering standard contract or tariff pursuant to Section 2827 that is no longer eligible to receive service shall be eligible to receive service pursuant to the standard contract or tariff developed by the commission pursuant to this section.

(END OF ATTACHMENT B)