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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Polices, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking R.10-05-004 (Filed May 6, 2010)

REPLY COMMENTS OF RECOLTE ENERGY ON COMMISSIONER PEEVEY'S PROPOSED DECISION ON CALIFORNIA SOLAR INITIATIVE PHASE 1 MODIFICATIONS

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Pursuant to *Commissioner Peevey's Proposed Decision on CSI Phase 1 Issues* ("PD"), Récolte Energy (Récolte) hereby submits these Reply Comments in response to the Parties' Opening Comments on virtual net metering (VNM) and the Bill Credit Transfer (BCT) option.

Récolte reiterates its support of the PD and rejects PG&E's and SDG&E's arguments opposing it. Récolte's comments are directed specifically against PG&E's Opening Comments, but apply equally against SDG&E's position, because of the similarity of their positions.

I. RECOLTE'S REBUTTAL TO PG&E'S OPENING COMMENTS

In **Section II A** of its Opening Comments, PG&E argues against the expansion of VNM and BCT claiming that this expansion would make billing and metering more complex, less transparent, and result in more cost shifting from participating to non-participating customers.

PG&E argues against one form of cost shifting, but completely ignores the cost-shifting in the opposite direction. Many of PG&E's customers – ratepayers – either cannot be, or incur unnecessary additional costs to be, DG customers, because VNM is not available to them. Contrary to PG&E's assertion (**Section II D 1, footnote 14**), Gasser's case is not an anomaly, but the norm. Every one of Récolte's clients – ***without exception***, because they all have multiple meters – has had to incur unnecessary additional costs to be, or has been precluded from becoming, a DG customer. These current and potential DG customers represent an expanding class of ratepayers.

Instead of opposing the expansion of VNM and forcing DG customers to replicate an existing hardware infrastructure, PG&E should invest in a software (billing) infrastructure.

Today's NEM customers receive only paper bills. These bills only show the customer's net energy usage, although (a separate department within) PG&E receives the customer's PV production reports. The customer no longer knows how much energy he consumes, unless he also installs a building demand meter. Since 2008 (the Gasser experience), **all** Récolte's DG clients are installing their own demand meters, to know their gross usage and corroborate PG&E's billing.

In **Section II B**, PG&E claims that the cost of billing multiple interlinked accounts is much more complex and expensive than billing a single account, but then as a solution in opposition to commercial accounts participating in VNM, states that there is already software available for billing tenants in high rise buildings.

In **Section II D 1**, PG&E argues against expanding VNM to all multitenant customers, claiming that commercial customers do not face the same hurdles as

residential customers and that the former already have the option of rearranging their utility service to a consolidated metering point. This is true, but reinforces the argument that Récolte is making: the rearranging of utility services results in additional and unnecessary expense – the existing utility infrastructure already works.

In Section **II A**, PG&E suggests the feed-in-tariff (FIT) model and power purchase agreements (PPA) (and associated E-SRG rate schedule) as better alternatives. As demonstrated by the underutilization of PG&E's FIT and PPA programs, customers are not going to pay 21 or 48 cents per kWh for electricity that is subject to PG&E's annual price increases, when PG&E will pay them 13 cents (or less) per kWh for electricity generated at the same time and place, and doesn't protect them against future price increases. The reason that increasing numbers of PG&E's customers are going out of their way to invest in DG is simply because they want to control their current and future costs of energy.

In Section **II A**, PG&E further argues against expanding VNM because it would reward high energy non-low income users more than twice as much as it would low income customers. Firstly, if a customer is getting compensated at 48 cents per kWh or 21 cents per kWh under NEM, it is because that is how much he would be charged for equivalent usage. Secondly, in Section **II E**, where PG&E argues against the expansion of BCT, it shows how the compressing of the tiered residential structure required by the residential rate design decision, D.11-05-047, will reduce the compensation for generation. The compression of the tiered residential rate structure will also reduce the gap in compensation between high and low energy users.

However, with the lower tiers now losing some of their protection against price increases, these lower energy (and lower income) users will also want to become DG customers, bolstering the case for expanding VNM.

In Section **II D 2**, PG&E argues against extending VNM to other technologies, citing the rationale (uneven sun access) for the creation of a solar VNM tariff. Every potential DG customer is going to have some constraint imposed by geography, site, or usage profile that is going to direct them to one or another form of DG. These constraints shouldn't exclude a ratepayer from participating in DG. As with solar net metering, net metering for other DG technologies should also be at full retail rates. Compensation at anything less than full retail will result in underutilized tariffs and programs like PG&E's RES-BCT, FITs, and PPAs.

Récolte agrees with the position of most of the other parties on the issue of RES-BCT. As it is, it doesn't work. If the Commission accepts the position of removing service delivery points for VNM, then RES-BCT will merely duplicate the VNM tariff. Instead, because PG&E's alternative proposals – FIT and PPA – have already been demonstrated to be unsuccessful, Récolte requests the Commission to expand VNM as proposed in the PD and include the recommendations made by IREC, Vote Solar, Solar Alliance, and Récolte in their Opening Comments.

II. CONCLUSION

To increase market penetration of renewables, especially with rebates declining more rapidly than anticipated, Récolte recommends that VNM be expanded to all DG customers (current and future) and technologies, with no service delivery point restriction, and with the system owner having the flexibility to allocate production to

individual meters as needed. Récolte further recommends that the Commission require the utilities to make the necessary investment in billing software to accommodate the expansion.

Respectfully submitted this 11th day of July, 2011 at San Francisco, California.

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