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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of PacifiCorp (U901E) for approval to implement a Net Surplus Compensation Rate.

Application 10-03-001
(Filed March 1, 2010)

And Related Matters.

Application 10-03-010
Application 10-03-012
Application 10-03-013
Application 10-03-017

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE
SCOPING MEMO AND RULING**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure (Rules), this Scoping Memo determines the scope, schedule, and other procedural matters concerning these consolidated applications.

1. Background

Assembly Bill (AB) 920,¹ amends Pub. Util. Code § 2827 and requires the Commission to establish a program to compensate net energy metering (NEM) customers for electricity produced in excess of on-site load at the end of a 12-month true-up period. Specifically, the law directs the Commission to adopt a

¹ Stats. 2009, Ch. 376.

Net Surplus Compensation valuation to compensate a net surplus customer-generator for surplus kilowatt-hours over 12 months. Customers may opt to receive either a payment for net surplus generation or to roll a credit for that generation over into the next 12-month true-up period. According to AB 920, the Commission shall establish a Net Surplus Compensation Rate by January 1, 2011.

In a January 15, 2010² Assigned Commissioner ruling in Rulemaking 08-03-008 (January 15th ACR), President Peevey directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E), to file applications no later than March 1st proposing a Net Surplus Compensation Rate, as well as other program implementation details pursuant to AB 920. Small and multi-jurisdictional investor-owned electric utilities were invited but not required to file applications as well. The January 15th ACR posed a series of questions regarding implementation of AB 920 and asked the utilities to respond to those questions.

On March 1st PacifiCorp, d.b.a. Pacific Power (PacifiCorp) filed the above-captioned application to implement a Net Surplus Compensation Rate. Subsequently, on March 15th Sierra Pacific Power Company (Sierra), PG&E, SCE, and SDG&E, each filed their above-captioned applications to establish a Net Surplus Compensation Rate. The five applications were consolidated by Chief Administrative law Judge (ALJ) Ruling on April 1st because the applications raise similar issue of law and fact.

² All dates are 2010 unless otherwise noted.

Responses to the five applications were filed by Californians for Renewable Energy Inc. (CARE), the Commission's Division of Ratepayer Advocates (DRA), the Interstate Renewable Energy Council (IREC), PG&E, and jointly by the California Solar Energy Industries Association (CALSEIA) and the Environment California Research and Policy Center. Protests to the applications were filed by the Acton Town Council, the City of San Diego, CARE,³ Donald W. Ricketts, and jointly by the Solar Alliance and Vote Solar Initiative.

A prehearing conference (PHC) was held on May 18th to discuss the scope and schedule of this application.

2. Scope and Issues

In this proceeding, the Commission will establish a Net Surplus Compensation Rate to compensate a net surplus customer-generator for the value of net surplus electricity generated by the net surplus customer-generator, pursuant to Pub. Util. Code § 2827(h)(4)(A). In completing this task, the Commission shall consider the following issues:

- How will the Net Surplus Compensation Rate be determined?
 - How should the Commission set the portion of the Net Surplus Compensation Rate for the value of electricity and what shall that rate be?
 - How should the Commission set the portion of the Net Surplus Compensation Rate for the value of the renewable attributes of the electricity and what shall that rate be?
 - How shall the Commission comply with § 2827(h)(4)(A), which states that other ratepayers shall be unaffected by the net surplus compensation provided to net surplus generators?

³ CARE responded to the applications of SDG&E and PacifiCorp and protested the applications of Sierra Pacific, PG&E and SCE.

- Should the rate for all California investor-owned electric utilities be set using a consistent methodology? Can the rate vary by utility?
- Should the Commission consider the administrative costs of implementing the Net Surplus Compensation Rate when setting the rate?
- What are the accounting and other mechanics of calculating the Net Surplus Compensation Rate, including but not limited to issues such as:
 - Do customers need both net surplus generation and an excess bill credit to qualify?
 - Will the rate be set once or will it be updated periodically?
 - Are there complexities regarding Renewable Energy Credit (REC) tracking that must be resolved before paying customer-generators for renewable attributes?
- Which customer are eligible for Net Surplus Compensation?
 - Do customers need QF certification from FERC to qualify for payment?
 - Are there issues regarding FERC interconnection rules that the Commission should consider in implementing Net Surplus Compensation?
 - Do customers have to meet CEC RPS eligibility and WREGIS metering requirements to receive payment for renewable attributes?
 - Should a customer receive payment for renewable attributes if she has previously sold her REC to a third party?
 - Do the system sizing limitations in § 2827(b)(4), which define an eligible customer generator as one with a system intended primarily to offset part or all of the customer's own electrical requirements, pertain to eligibility for Net Surplus Compensation?
 - Will Net Surplus Compensation apply to Consumer Choice Aggregation (CCA) and Direct Access (DA) customers?
 - Should the Commission require an NEM customer to repay all or a portion of any California Solar Initiative or Self Generation Incentive Program incentives before receiving Net Surplus Compensation?

- Should the Commission set an interim Net Surplus Compensation Rate to go into effect January 1, 2011 while it continues work to refine details of a Net Surplus Compensation program?
- The scope will also include all questions from Commissioner Peevey's January 15th ACR, if not already incorporated above.

In order to address these questions, the parties are directed to file their joint or individual proposals for a Net Surplus Compensation Rate no later than June 21st. In their filings, parties should provide their proposed Net Surplus Compensation Rate, including workpapers and supporting material explaining the methodology used to calculate their proposed rate. Parties' filings should also respond to the questions listed above, and include parties' responses to the questions in the January 15th ACR if not previously provided, as noted in the last bullet point above.

All parties, including the utilities, should include in their June 21st filings sample calculations for a hypothetical residential customer of how their net surplus compensation rate proposals would operate given the scenario(s) indicated below:

Assumptions for all scenarios:

- Customer is residential
- 12 month net energy metering true-up period is January through December 2009

Scenario 1: Bill credit of \$100 but no surplus generation

Scenario 2: Surplus generation of 100 kWh but no bill credit

Scenario 3: Surplus generation of 500 kWh and a bill credit of \$200

If a party's calculation of the customer's net surplus compensation requires assumptions about the customer's electric consumption or generation beyond what is provided above, the party should provide those assumptions.

The utilities have already filed their Net Surplus Compensation Rate proposals and responses to the January 15th ACR questions in their applications, so they do not need to repeat information they have already filed. To the extent the utilities want to amend or supplement their individual applications, they may do so by the June 21st filing deadline. The utilities are required to provide the sample calculations described in the scenario(s) above.

Following the filing of proposals of June 21st, the assigned ALJ and Energy Division staff will facilitate a workshop on July 9th to allow the ALJ, Energy Division and the parties to ask questions regarding the various proposals. Parties will file comments on the June 21st proposals on July 23rd, and reply comments on August 6th.

A PHC will be held on August 26th to discuss whether further proceedings are necessary or whether the case is submitted with the filing of reply comments.

3. Schedule

We establish the following schedule for this proceeding:

<u>Event</u>	<u>Date</u>
Net Surplus Compensation Proposals and Sample Calculations	June 21 st
Workshop on Proposals	July 9 th
Opening Comments on Proposals	July 23 rd
Reply Comments on Proposals	August 6 th
PHC to determine if further proceedings are necessary	August 26 th
Estimated Proposed Decision issued for Comments (if case submitted August 6 th)	November 2010
Estimated Proposed Decision if further proceedings required	To be determined

The above schedule anticipates a final decision in November 2010, unless further supplemental filings, workshops or hearings are deemed necessary after the August 6th reply comments and the August 26th PHC. In any event, we anticipate this application should conclude no later than 18 months from the date of this scoping ruling pursuant to Pub. Util. Code § 1701.5.

4. Category of Proceeding

In Resolutions ALJ-176-3250 and ALJ-176-3251, dated March 11th and April 8th respectively, the Commission preliminarily determined that the category of these proceedings is ratesetting as defined in Rule 1.3(e) and that hearings are necessary. The parties did not oppose the Commission's preliminary categorization of these proceedings, and this ruling confirms the categorization but finds that hearings may not be necessary. If we decide that hearings are needed at a later date, this scoping memo will be amended as necessary. Pursuant to Rule 7.6, this ruling may be appealed only as to category.

5. Presiding Officer

Pursuant to Rule 13.2(b), ALJ Dorothy J. Duda is designated as the presiding officer in this application.

6. Ex Parte Rules

Parties shall comply with the rules concerning ex parte communications for ratesetting cases set forth in Rules 8.2(c), 8.3 and Pub. Util. Code § 1701.3(c).

7. Service List and Service of Documents

The official service list for these consolidated applications is available on the Commission's website: www.cpuc.ca.gov. Parties should use the list for A.10-03-001 when serving documents because it is the complete list for all five applications. Service of documents is governed by Rule 1.9. Electronic service is governed by Rule 1.10. Pursuant to Rule 1.10(e), serving parties shall provide the

assigned ALJ with a hard copy, and an electronic copy in Microsoft Word and/or Excel format.

This proceeding can also be monitored by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission website. There is no need to be on the service list to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at <http://subscribecpuc.ca.gov>.

8. Intervenor Compensation

The PH in this matter was held on May 18th. Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation shall file and serve a notice of intent to claim compensation within 30 days of the PHC.

IT IS RULED that:

1. The scope of this proceeding is as set forth in Section 2 of this ruling.
2. The schedule of this proceeding is as set forth in Section 3 of this ruling.
3. This ruling confirms the categorization of this proceeding as ratesetting and finds that hearings may not be necessary. This ruling, only as to category, is appealable under the procedures in Rule 7.6.
4. Administrative Law Judge Dorothy J. Duda is the presiding officer in this proceeding.
5. Parties shall comply with the ex parte rules for ratesetting cases set forth in the Rules 8.2(c), 8.3 and Pub. Util. Code § 1701.3(c).

6. A workshop will be held in this proceeding on July 9th at 9 a.m. in the Commission's Auditorium, State Office Building, 505 Van Ness Avenue, San Francisco, California.

7. A PHC will be held on August 26th at 10 a.m. in the Commission's Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

Dated June 1, 2010, at San Francisco, California.

 /s/ NANCY E. RYAN
Nancy E. Ryan
Assigned Commissioner

 /s/ DOROTHY J. DUDA
Dorothy J. Duda
Administrative Law Judge

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated June 1, 2010, at San Francisco, California.

/s/ CRISTINE FERNANDEZ
Cristine Fernandez

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.