**BEFORE THE PUBLIC UTILITIES COMMISSION**
**OF THE STATE OF CALIFORNIA**

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| Application of San Diego Gas and Electric Company (U902E) For Authority To Implement Optional Pilot Program To Increase Customer Access to Solar Generated Electricity | Application No. 12-01-008 (Filed January 17, 2012) |
| And Related Matter. | Application No. 12-04-020 |

# COMMENTS OF THE INTERSTATE RENEWABLE ENERGY COUNCIL, INC., THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND THE VOTE SOLAR INITIATIVE REGARDING THE PROPOSED GREEN TARIFF SHARED RENEWABLES PROGRAMS OF PACIFIC GAS & ELECTRIC COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY

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## I. INTRODUCTION

Pursuant to the Assigned Commissioner and Administrative Law Judge's Scoping Ruling mailed on October 25, 2013 (Scoping Memo and Ruling) in the above captioned docket, The Interstate Renewable Energy Council, Inc. (IREC), the Solar Energy Industries Association (SEIA) and The Vote Solar Initiative (Vote Solar) (collectively, the "Joint Renewables Parties") offer these comments regarding the proposed Green Tariff Shared Renewables (GTSR) programs of Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E).[1] We strongly support the growth of shared renewables programs around the country, and commend the Legislature and Governor Brown for enacting SB 43, which creates by far the largest such program in the nation and will allow thousands of Californians who are unable to put solar on their own roofs to invest in offsite clean energy for up to 100% of their energy demand, for the very first time. We look forward to working with the California Public Utilities Commission, the investor-owned utilities (IOUs) and other interested California stakeholders to develop GTSR programs that provide meaningful choices for and convey appropriate bill credits to customers who choose to participate, while avoiding net costs to non-participants. If this endeavor is successful, California will once again pioneer new policy that other states will look to as they consider developing similar shared renewables programs, so it is critical that we design a workable, scalable construct.

IREC and Vote Solar are uniquely positioned to assist stakeholders in this effort as we work collaboratively with grant funding from the U.S Department of Energy's SunShot Program and private foundations to provide direct assistance to stakeholders across the country to help them develop shared renewable energy programs. As part of this effort, IREC and Vote Solar

[1] Counsel for IREC and SEIA have given Vote Solar authorization to submit this filing on their behalf.

participated in the implementation of pioneering shared solar programs in Colorado, Washington DC and numerous municipal utility territories.[2] In addition, IREC and Vote Solar have worked with stakeholders across the country to develop model rules for shared renewable energy programs,[3] IREC assisted the National Renewable Energy Lab (NREL) in developing a guidebook on shared solar,[4] and both organizations have led policy development on the topic nationally through collaboration with utilities, industry organizations such as the Solar Energy Industries Association (SEIA) and the Solar Electric Power Association (SEPA), and other non-profit and for-profit stakeholders.

At the core of our collective efforts is a belief that development of shared renewables programs should be guided by four principles:[5]

**1. Shared renewable energy programs should expand renewable energy access to a broader group of energy consumers, including those who cannot install renewable energy on their own properties.** We believe the general structure of the GTSR programs contemplated by SB 43 achieves this principle because SB 43 recognizes that many energy users cannot participate in on-site renewable energy programs and, therefore authorizes the development of GTSR programs which are intended to "facilitate a large, sustainable, market for offsite electrical generation."[6]

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[2] IREC is aware of 39 shared renewables programs currently operating within the United States. Details on these programs are available at: http://www.irecusa.org/wp-content/uploads/Shared-Solar-Program-Comparison-Chart.pdf.

[3] IREC and Vote Solar, *Model Rules for Shared Renewable Energy Programs* (June 2013), *available at* http://www.irecusa.org/wp-content/uploads/2013/06/IREC-Model-Rules-for-Shared-Renewable-Energy-Programs-2013.pdf. (Hereinafter Model Rules)

[4] NREL, *A Guide to Community Solar: Utility, Private and Non-Profit Project Development* (Nov. 2010), *available at* http://www.nrel.gov/docs/fy11osti/49930.pdf.

[5] *See* Model Rules at pp. 3-4.

[6] *See* Pub. Util. Code § 2831(b), (f) and (g).

**2. Participants in a shared renewable energy program should receive tangible economic benefits on their utility bills.** We believe SB 43 achieves this principle by authorizing a bill credit mechanism for participants in the program.

**3. Shared renewable energy programs should be flexible enough to account for energy consumers' preferences.** We believe SB 43 comports with this principle by authorizing the GTSR program for all eligible renewable energy resources, by not prescribing ownership models, and by requiring the utilities to provide support for enhanced community renewables programs to facilitate development of projects meeting a customer's need. As explained in the Model Rules, flexibility in program design is important in order to allow customer preferences on these points to be met.

**4. Shared renewable energy programs should be additive to and supportive of existing renewable energy programs, and not undermine them.** SB 43 comports with this principle because it is additive to California's programs designed to support customer self generation such as net energy metering, meter aggregation, and virtual net metering, and to other renewable energy programs including the California Renewables Portfolio Standard program.

Because SB 43 generally comports with these principles, we focus primarily on discussing whether the current proposals by SDG&E and PG&E comply with the particular requirements of SB 43. Because we believe PG&E's current proposal is woefully deficient with regards to providing the support required by SB 43 for an enhanced community renewables program, we outline a proposed shared renewables (SR) program element based off of SDG&E's Share the Sun proposal, which we believe should be adopted by all three IOUs at the outset of

their programs.[7] We also discuss why our SR proposal is reasonable and consistent with SB 43 such that the Commission should require both PG&E and SDG&E to include such an SR program element within their GTSR programs at the outset of those programs. As we discuss below, an SR program element is one that will allow customers to subscribe to the output of a *specific* renewable energy project that possesses the characteristics they want (for example renewable technology type, geographic location, specific application/ownership model), as distinct from a green tariff program element that only permits customers to sign up for a generic clean energy product generated from a pool of system-level, non-differentiated projects.[8] Finally, we briefly address the valuation of GTSR subscriber bill credits and charges, and reject SDG&E's argument that their application has been "effectively grandfathered" by SB 43.

## II. INCLUSION OF A SHARED RENEWABLES PROGRAM ELEMENT IS REQUIRED FOR CONSISTENCY WITH SB 43

### A. Consistent with Public Utilities Code Section 2833(o), the Commission should Require the Investor Owned Utilities to Offer a Shared Renewables Program Element

SB 43 adds to the California Public Utilities Code a new Chapter 7.6, titled the *Green Tariff Shared Renewables Program*.[9] In reviewing the IOUs' compliance proposals, the Commission must keep in mind the critical difference between a green tariff and a shared

[7] Further details on this proposal will be submitted in intervenor testimony to be served on January 10, 2014.

[8] *See, e.g.*, Comments of the Solar Energy Industries Association on Settlement Establishing Pacific Gas and Electric Company's Green Option Tariff, filed May 13, 2013 at pp. 5-6; Model Rules, pp. 6-7 (discussing the relationship between a green tariff and a shared renewables program).

[9] Pub. Util. Code §§ 2831-2834. All section references below are to this Code unless otherwise noted.

renewables program. A green tariff program allows the customer to receive a clean energy product generated from a generic pool of projects, while a shared or "community" renewables program enables the customer to contract for services or attributes (such as a share of capacity) from a *specific* renewable energy project that offers distinct characteristics that particular customers want or need.[10] SB 43 directs each IOU to submit for Commission approval a program comprised of *both* elements – a green tariff *and* a shared renewables option. SDG&E's November 15, 2013 comments demonstrate compliance with this statutory directive. PG&E's do not, substantiating compliance with only the green tariff element. The Commission should require full statutory compliance by PG&E, consistent with the language and underlying intent of SB 43, by directing PG&E to include a shared renewables program element in its GTSR program consistent with the one addressed in Section III, below.

PG&E's application falls short of compliance with both the language and the intent of the law. First, the language of the statute is clear. Public Utilities Code Section 2833(o) requires that a participating utility " *shall provide support for enhanced community renewables programs* to facilitate development of eligible renewable energy resource projects located close to the source of demand." PG&E's argument for compliance with this section references Section 3.7 of its April 2013 Settlement.[11] That section recites an agreement by the settling parties to "consider" an enhanced community renewables program element. An agreement to "*consider*" does not meet the statutory directive requiring each IOU to file an application which "*provide[s] support*" for an enhanced community renewables program. The Commission simply cannot

[10] *See* Model Rules at pp. 6-7.
[11] Opening Comments of Pacific Gas and Electric Company on Green Tariff Shared Renewables Program, A. 12-08-008 (November 15, 2013) (PG&E Comments), Appendix A, p. 6.

ensure consistency with this requirement of SB 43 if all it has to work with is a vague promise by PG&E to think about it later.

Second, PG&E's application is not compliant with the statutory requirement that the application filed by the IOU be "consistent with the legislative findings and statements of intent of Section 2831."[12] When fashioning its rationale for the statute in Section 2831, the Legislature included the following statements:

> "Public institutions will benefit from a green tariff shared renewables program's enhanced flexibility to participate in shared generation facilities", and
>
> "It is the intent of the Legislature that a green tariff shared renewables program be implemented in such a manner that facilitates a large, sustainable market for offsite electrical generation . . ." [13]

"Offsite electrical generation" and "shared generation facilities" do not refer simply to remote resources whose output is pooled to serve customers under a generic green tariff, but rather to facilities that can meet customer needs not addressed by conventional utility services.

In Section 2831, the Legislature also found that

> "[m]any large energy users in California have pursued onsite electrical generation from eligible renewable energy resources, but cannot achieve their goals due to rooftop or land space limitations, or size limits on net energy metering. The enactment of this chapter will create a mechanism whereby institutional customers, such as military installations, universities, and local governments, as well as commercial customers and groups of individuals, can meet their needs with electrical generation from eligible renewable energy resources."[14]

This statement of legislative intent cannot be viewed in a vacuum, but must be read in the context of the record previously established at the Commission – of which the Legislature was

[12] Section 2832(a).

[13] Sections 2831(d) and (g) (emphasis added).

[14] Sections 2831(f) (emphasis added).

demonstrably aware [15] – as well as the specific statutory requirements of SB 43 crafted with this intent in mind.

Section 2831 expresses the Legislature's intent to create a mechanism to enable California energy consumers previously locked out of the solar market as a result of logistical or regulatory constraints to "achieve their [renewable] goals" and "meet their needs" with shared renewable generation from offsite facilities. For many customers, this is more than buying renewable energy from a generic pool of resources. Rather, some customers desire to have their energy needs provided from renewables with certain defined attributes (e.g., resource type, proximity, complementary land use or reclamation), on service terms tailored to their specific needs (e.g., financial, promotional, community-related) – which can only be achieved through some form of shared renewables program customized to particular customer desires or community conditions.[16] SDG&E recognized this as the core of its *Share the Sun* proposal, which was squarely before the legislators who crafted SB 43.

Moreover, the term used in Section 2833(o) itself cannot go unnoticed. Its reference to "enhanced community renewables program" is drawn directly from Section 3.7 of the April 2013 Settlement Agreement, in which PG&E and its counterparties specifically cited SDG&E's *Share the Sun* program – a shared renewables program – as an example of an "enhanced community

[15] In considering SB 43, the Legislature's committee reports repeatedly cited and described both SDG&E's Share the Sun community program and PG&E's proposed Settlement Agreement. *See e.g., Assembly Appropriations Analysis*, August 14, 2013, p. 2; *Assembly Floor Analysis*, September 5, 2013, p. 2.

[16] *See* Opening Comments of San Diego Gas & Electric Company, November 15, 2013 (SDG&E Comments), p. 5 (SDG&E states that its Share the Sun program "is unique in that it gives customers a choice of participating solar providers and accompanying solar services that the customer is most interested in.").

renewables" program. In short, the framework behind such a program was understood by all – PG&E, the Settling Parties, other stakeholders, and the Legislature.[17]

The shared renewables concept was clearly before the Legislature and referenced repeatedly in committee reports as the Legislature crafted SB 43, and its intent to require such programs as adjuncts to generic green tariffs is demonstrated by the language of the statute. PG&E's agreement to "consider" such a program does not comply with SB 43's directive to *support* one, much less with the Legislature's clear intent to create a mechanism that can meet customer needs beyond a generic green tariff, in sufficient detail for the Commission to determine compliance.

Furthermore, administrative economy counsels for having this discussion on the record at the time that all parties are engaged in development of these programs. Section 3.7 of PG&E's proposed settlement provides that "[p]roposed program rules/implementation would be subject to mutual approval by the settling parties and other interested parties as appropriate." The Joint Renewables Parties submit that we are, along with other intervenors in this docket, the "interested" parties that the Settlement contemplates approving the matter with at a future date. We respectfully submit to the Commission that we are here now to have that discussion on the record so that the Commission may discharge its duties in reviewing IOU applications for consistency with SB 43, and that this is the "appropriate" framework for such a discussion as contemplated in Section 3.7. Moreover, as interested parties, we have fundamental due process concerns with leaving this issue for discussion among a stakeholder group that may or may not include us as interested parties, and that may or may not come to agreement on fundamental aspects of what "enhanced community renewables programs" are and what is sufficient support

[17] SDG&E Comments, p. 5 ("*Share the Sun*, is SDG&E's proposed 'enhanced community renewables program' as contemplated by Section 2833(o).").

for those programs required under SB 43. To the extent PG&E is contemplating apprising the Commission of the outcomes of those discussions via an advice letter filing, we submit that the advice letter review process will not be sufficient to comport with the parties' due process rights, the statutory requirements of SB 43 and Public Utilities Code Sec. 1757.1, and raises important matters of policy that are inappropriate for Commission disposition through the advice letter procedure.[18]

While PG&E's December 6th testimony does offer some clues to how PG&E proposes to address customer preferences for locating projects close to enrolled customers based on enrollment numbers, that proposal is simply insufficient as it is vague and ill-defined. Moreover, it seeks to address potential enrollees' preferences (locational or otherwise) *after* those customers have already signed up for the program. To assume that customers who desire a project with specific attributes will enroll in a program that does not meet their preferences is simply irrational, particularly if the program may result in an increase in the customers' energy costs. In this respect, it is hard to understand how this program framework will meet the intent of SB 43 that programs designed pursuant to the legislation "[facilitate] a large, sustainable market for offsite electrical generation . . ." as it is at odds with a basic understanding of what motivates many consumers to purchase a product.[19]

[18] *See, e.g.,* General Order 96-B, § 5.1 ("The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions."); D.07-01-024 at pp. 4-6, 31; D.13-11-025; Resolution E-4497; D.10-11-011; D.08-05-013.
[19] Section 2831(g).

### B. Inclusion of a Shared Renewables Program Can Be Consistent with SB 43's Requirement for Use of Commission-Approved Procurement Mechanisms and for Nonparticipant Ratepayer Indifference

A Shared Renewables program element can easily be structured to "use commission-approved procurement mechanisms," defined in Section 2833(c) as "procurement methods approved by the commission for an electrical corporation to procure eligible renewable energy resources for purposes of meeting the procurement requirements of the California Renewables Portfolio Standard Program." Section 2833(b) requires that projects built via the GTSR program have a project size no larger than 20 MW, and Section 2833(d)(1)(a) requires that no less than 100 of the megawatts be reserved for projects of 1 MW in size or less, so the Renewable Auction Mechanism (RAM) and Renewable Market-Adjusting Tariff (ReMAT) programs are at this time the appropriate CPUC-approved procurement mechanisms for use.[20] The SR program design we propose below uses RAM and ReMAT procurement mechanisms and prices as the program's basis, while also avoiding clogging the programs' queues of non-GTSR projects.

The Joint Renewables Parties believe that a Shared Renewables program element can also be structured to ensure nonparticipant ratepayer indifference, just as a Green Tariff element can. SB 43 includes Section 2831(h), which requires that the GTSR programs of the IOUs "be implemented in a manner that ensures nonparticipating ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers".[21] The SR program design element we outline below, and will discuss further in upcoming testimony, will

[20] We note, however, that the RAM and ReMAT programs are not currently scheduled for many additional solicitations because the utilities have already procured to meet much of the initially allocated demand in both programs. If the Commission does not allocate further demand, prices derived from those programs will not keep pace with the market.

[21] Nonparticipant ratepayer indifference is also required elsewhere in SB 43, including in Section 2833(p).

meet this requirement by, among other aspects, using the same RAM and ReMAT-based prices for generation as the IOU's GT program, while also ensuring that SR project developers are financially incented to keep their project fully subscribed so that non-participating customers are not required to purchase significantly more renewable energy than otherwise would be procured to meet RPS requirements. In addition, the other categories of bill charges and credits that make up the tariff for SR participants will be the same as for GT participants. As a result, our proposed SR program will ensure non-participating ratepayer indifference in materially the same way as the comparable GT programs.

However, after careful review of the PG&E and SDG&E's program proposals, we believe that calculation of bill credits within their proposals suffer from a fundamental flaw in that they undervalue the long-term benefits stemming from resources below 20 MW that are located closer to load. Accordingly, we plan to propose modifications to the bill credit calculation methodologies to address this concern in upcoming testimony. We believe our proposed framework will meet the ratepayer indifference requirements of SB 43 while providing fair value to the participants in the program. Additionally, because PG&E and SDG&E's proposed calculation of bill credits does not provide a fair and balanced calculation of value, those proposals go beyond the ratepayer indifference requirement of SB 43 to an extent that is unreasonable and unnecessary. They also undermine the intent of SB 43 that programs facilitate "a large, sustainable market for offsite electrical generation . . ." by assigning the long-term benefits of participation to non-participating ratepayers, which will result in program participation needlessly appearing more expensive than it should be to potential enrollees.

In upcoming testimony, we also plan to present a bill credit framework that will incentivize customers to sign up as long-term participants, which should help address concerns

about the interaction of these programs with the utilities' RPS procurement. This aspect of our proposed design will further support the Commission in determining that our proposal will better address non-participating ratepayer indifference. Based on the above, we disagree that the current bill credit mechanisms proposed by PG&E and SDG&E are reasonable or comply with SB 43. We look forward to presenting our testimony on this matter to stakeholders in the future.

## III. PROPOSED DESIGN FOR A SHARED RENEWABLES PROGRAM ELEMENT THAT SHOULD BE INCLUDED IN EACH IOU GTSR PROGRAM

We believe a well-designed SR program element is necessary to allow meaningful additional customer choice within the IOUs' GTSR programs that will boost customer participation, and can be designed to maintain nonparticipant ratepayer indifference and comply with direct access rules. We used SDG&E's *Share the Sun* as the starting point for developing the approach proposed below, including some changes to increase SR projects' financeability and to achieve greater consistency with SB 43. We put forth this proposal to show that a workable SR program design is feasible from the onset of both PG&E and SDG&E's GTSR programs, and encourage the Commission to require this model for both IOUs' GTSR programs. We also encourage SCE to propose a program in line with this proposal in its January filing proposing a GTSR program.

### A. High-Level *Share the Sun* Summary

Starting in 2012, SDG&E proposed to include an SR program element, *Share the Sun*, as one part of its Connected to the Sun program. We commend SDG&E for proposing a structure for an innovative third-party program element that will allow its customers a greater level of

choice within their GTSR program and believe that, because SDG&E has done so, its GTSR program generally complies with the requirements of Public Utilities Code Sec. 2833(o). SDG&E's proposed *Share the Sun* program would allow solar providers to construct new facilities and sell the energy from those facilities via PPA to SDG&E with the price set at the then-applicable ReMAT price,[22] while also selling the rights to the capacity of their solar facilities and perhaps other solar services to SDG&E customers.[23] Under *Share the Sun*, solar providers could identify and develop their own project sites anywhere within SDG&E territory. Solar providers could market their projects directly to SDG&E customers after a PPA was signed with the IOU, and could enter into an agreement with a customer and then provide proof of such transaction to SDG&E to enable SDG&E to credit the customer's monthly bill for the contracted value of the energy produced by the customer's subscribed share of the solar project.

### B. Proposed Shared Renewables Program Process

In these comments, we provide an outline of the program, which we will discuss in greater detail in intervenor testimony, so that we may explain to the Commission at this early date why this proposal is necessary for consistency with SB 43. Our proposal is similar in many ways to SDG&E's *Share the Sun* proposal, but differs from *Share the Sun* in some key particulars:

[22] *See* SDG&E Dec 6 Hebert testimony, p.16

[23] SDG&E Nov 15 opening comments, p.2 footnote 4 states that SDG&E proposes that only solar resources be eligible for the first 20 MW of their Connected to the Sun program, and that SDG&E "will consider expanding the generation options beyond solar to all RPS-eligible resources." Restricting the program to solar resources only would be noncompliant with Pub. Util. Code Sections 2831(g) and 2831.5(b)(1), which together state that "it is the intent of the Legislature that a green tariff shared renewables program be implemented in such a manner that facilitates a large, sustainable market for offsite electrical generation from facilities that are eligible renewable energy resources" and "eligible renewable energy resources" has "the same meaning as… for the California Renewables Portfolio Standard Program…" Renewables Portfolio Standard eligibility includes many renewable technologies besides solar, and GTSR programs must make the same set of technologies eligible.

- It allows the developer to market a project to utility customers *before* a PPA has been signed with the utility so that projects that receive PPAs already have demonstrated customer interest;
- It makes the utility the revenue counterparty for the PPA instead of the customer, to facilitate project financeability;
- It specifies a Green Tariff portfolio average price (rather than the applicable ReMAT price) to apply to projects between 3 MW and 20 MW in size, in keeping with SB 43's allowable maximum project size and existing CPUC procurement mechanisms; and
- It allows all renewable projects to be eligible, as defined by the California Renewables Portfolio Standard program, rather than only solar projects.

The procurement process under a Shared Renewables program based on an amended *Share the Sun* model would follow these steps:

1) On its GTSR program website, the IOU will publish the applicable GTSR rates, including the renewable generation rates noted below and the other per kWh charges and bill credit amounts that are available to various customer classes. The IOU will include a simple rate comparison for interested customers, and will advertise the Shared Renewable option for customers seeking Shared Renewables projects.

- Because the GTSR rate is the same for both Green Tariff and Shared Renewables subscribers, the IOU and its ratepayers would be financially indifferent to whether customers sign up for the Green Tariff option or the Shared Renewables option.

- For customers seeking Shared Renewables projects 3MW or less in size, the renewable generation rate assigned as a bill charge would be the then-applicable time of delivery (TOD)-adjusted ReMAT price.[24]
- For customers seeking Shared Renewables projects between 3 MW and 20MW in size, the renewable generation rate assigned as a bill charge would be the Green Tariff TOD-adjusted technology-specific portfolio average cost per kWh (there could be different prices for solar PV, landfill gas, etc.). In the early stages of the program before the IOU has signed PPAs with Green Tariff projects, the renewable generation rate would be the average TOD-adjusted technology-specific prices of the bids accepted in the most recent RAM solicitation.
- Per kWh bill credit amounts will include class average retail generation cost (published in IOU's approved tariff for the class to which the participating customer belongs) as well as other components.[25]

2) A developer and a customer can establish a relationship in various ways. For example, a developer may market a project directly to customers, or larger customers may solicit bids from a pool of developers. Customers would express interest in subscribing to the project for a month-to-month term of at least one year, up to the remaining duration of the provider's PPA with the IOU.[26] Although a PPA may not yet be signed with the IOU, the customer and developer know with a degree of certainty the likely charges and credits applicable to GTSR program subscribers because that rate is published on the IOU's website.

[24] As proposed in SDG&E Dec. 6 Hebert testimony p. 16.
[25] Section 2833(k) states "participating customers shall receive bill credits… using the class average retail generation cost as established in the participating IOU's approved tariff for the class to which the participating customer belongs… plus a renewables adjustment value…" Sections 2833(l) and (m) further describe credits and charges that subscribers shall receive.
[26] As proposed in SDG&E Dec. 6 Franz testimony at p.22.

- Customers can subscribe to up to 100% of their subscribed accounts' annual electricity demand.[27]
- There is no direct sale of energy from the developer to the customer; instead the IOU applies to the subscribing customer's bill the relevant bill credits and charges for the contracted value of the energy produced by the customer's subscribed portion of the facility's capacity.[28] The IOU remains the customer's load-serving entity for all purposes.[29]

3) The customer will execute an agreement with the developer for services for the term length as noted above, and can include other terms as both see fit.

- As with any commercial agreement, the terms, conditions and effective date are negotiated between two private parties.
- The agreement authorizes the IOU to switch the customer to the applicable GTSR rate for the portion of its demand served by the Shared Renewable project.
- As in the SDG&E proposal, the participating project must be operational before any customer agreement becomes effective.[30] Solar providers may only accept advance funding from the customer before the agreement is effective, if that funding is fully refundable to the customer up until the effective date and all such funds are held in a separate account and not used by the developer.

[27] This varies from the 120% proposed by SDG&E in the Dec. 6 Franz testimony at p. 21 for Share the Sun, in order to be consistent with section 2833(g). Additional customer subscription limits may apply in order to comply with section 2833(h) and (i).
[28] As proposed in SDG&E Dec 6 Yunker testimony p.7.
[29] As proposed on p. 21-22, SDG&E April 8 opening brief.
[30] As proposed at p. 51 of May 10 SDG&E Osborne testimony.

4) After the customer(s) and developer have signed an agreement accounting for at least 70% of the project, the developer will submit to the IOU an application including proof of customer agreement, to sign a PPA at the prevailing GTSR rate as noted above. Once the application has been deemed complete (including demonstrating that at least 70% of the project is already subscribed, and meeting appropriate viability criteria), and assuming the IOU has additional room to procure within its approved GTSR program, the IOU will sign a PPA on a first come-first served basis at the applicable GTSR rate, which is fixed for the full term of the PPA.

5) After a PPA is executed, the developer will continue to develop the project, for example by lining up financing and/or beginning construction. The developer may continue to market the project to additional customers as needed to ensure full subscription for the life of the project. The developer will register with FERC as a Qualified Facility so that the applicable price complies with Public Utility Regulatory Policies Act (PURPA) pricing requirements.[31]

### C. Additional Program Elements

In addition to the procurement process outlined above, the proposed Shared Renewables program would have the following elements:

1) As required by SB 43, the IOU will retire the Renewable Energy Credits (RECs) associated with subscribed energy on behalf of the customer and shall not count them toward RPS compliance.[32]

2) Customers will fill out a form for the IOU attesting to the percentage of the facility's output that they have subscribed to and the duration of their contract with the developer. The customer

[31] As proposed at p. 13, SDG&E April 8 opening brief.
[32] Section 2833(r).

is subject to an early termination fee composed of the above-market costs associated with the participant's subscription and any administrative costs.

3) The IOU will balance the supply and demand for energy in the Shared Renewables portfolio including procuring all unsubscribed energy from the Shared Renewables project along with associated RECs, to count towards RPS compliance as needed. For the first 3 years of operation, the IOU will pay the developer the applicable ReMAT or Green Tariff portfolio price for unsubscribed energy plus the associated RECs.[33] In order to incent developers to keep the project fully subscribed, after the third year of operation, the developer will be subject to penalties or a lower per-kWh price for any unsubscribed energy exceeding 10% of the output of the project.

### D. Proposed Shared Renewables Program Size

Finally, we propose that each IOU's GTSR Program under SB 43 would start by offering half of the available megawatts to each element of the program and allowing customer interest to dictate how many megawatts are subscribed under the Green Tariff and Shared Renewables portions of the program going forward. This is in keeping with the proposal in SDG&E's November 15, 2013 comments to allocate an initial 10 MW to Share the Sun and 10 MW to SunRate, with expansion of each as customer interest dictates, up to the portion of the 600 MW allocated to SDG&E. Unused capacity from one program element would roll over to the other program element on a yearly basis, assuming the second is fully subscribed, so that as many megawatts as possible are made available to meet customer demand on a rolling basis. Once the first Shared Renewables tranche is fully subscribed, new tranches should be approved by Tier 2 Advice Letter so CPUC staff can approve them without untimely delays; an IOU would need to submit a Tier 3 Advice Letter if applying for a suspension of the program.

[33] As proposed at p. 15, SDG&E April 8 opening brief.

### E. Illustrative Example of How Class Average Retail Generation Cost and Shared Renewables PPA Price Would Impact Customer Bill

The below example assumes a 2.5 MW Shared Renewables project that is bid in at the beginning of the program and subscribed to by at least one commercial customer, assuming the applicable TOD-adjusted ReMAT price for solar is 10.7 cents. The numbers used are only for illustrative purposes; depending on the agreement between customer and developer and as renewable energy prices continue to fall, the participating customer could achieve a net bill savings, break even, or pay a premium to subscribe.

- The IOU clearly identifies on its GTSR website the Class Average Generation Cost bill credit, the GTSR rate of 10.7 cents for smaller projects, and other relevant credits and charges. The developer and commercial customer enter an agreement as they choose.
- The developer submits an application for PPA with the IOU, and locks in its PPA at a levelized 10.7 cents per kWh with the IOU.
- The developer agrees to provide its customer a levelized cost per kwh generated by their subscribed capacity of the 2.5 MW project of 12 cents total. The IOU bills the customer 10.7 cents per kWh for generation and credits customer the relevant Class Average Generation Cost, along with other GTSR credits and charges and the customer pays an additional 1.3 cents per kWh to the developer via side agreement.

## IV. INCLUSION OF A SHARED RENEWABLES PROGRAM CAN COMPLY WITH DIRECT ACCESS RULES PER PUBLIC UTILITIES CODE §§ 365.1(a) & (b)

PG&E's and SDG&E's proposed GTSR programs do not violate direct access rules laid out in Public Utilities Code Sections 365.1(a) and (b), and nor does our proposed SR program design. As SDG&E notes in numerous places in its comments and testimony, "[*Share the Sun*] provides a new opportunity for solar providers to develop additional solar projects and gives them access to *SDG&E bundled customers* who do not have ability to invest in or lease photovoltaic systems."[34] Under both *Share the Sun* and the SR program model we describe above, participants remain fully bundled customers of the utility, which purchases additional renewable energy via PPAs in order to better serve certain of their bundled customers with greener energy. The SR program model makes the utility the financial counterparty to the PPA rather than the subscribing customers as proposed in *Share the Sun*, but in neither model is the customer switching retail providers.

On pages 2-3 of its April 26 reply brief in the SDG&E Connected to the Sun proceeding, TURN refuted arguments to the contrary regarding the SDG&E proposed programs, agreeing that neither SunRate nor Share the Sun constitute direct access:

> "Under the CTTS [Connected to the Sun] proposal, SDG&E remains the customer's retail provider and assembles a complete portfolio of energy to serve the retail customer. There is not a single word in either the statute or Commission precedent that defines direct access as a situation in which the retail provider offers an existing customer a modified energy portfolio. The statutory provisions relate to the act of a customer switching to another retail provider rather than opting for another product offering provided by the same retail provider."

[34] SDG&E Dec. 6 Testimony of Aaron Franz, p. 16, emphasis added.

## V. PG&E AND SDG&E GTSR PROGRAMS ARE NOT "GRANDFATHERED" AND MUST BOTH BE SUBSTANTIALLY COMPLIANT WITH SB 43

SDG&E states at page 22 of its November 15 opening comments that SB 43 grandfathers its application and that its proposed program therefore does not have to comply: "…while… SDG&E will modify its proposal to align with certain specifics of SB 43, SDG&E does not concede that these modifications are necessary for SDG&E's application to comply with the statute. Section 2832(d) effectively grandfathers SDG&E's application in its current form…" While SDG&E does not precisely explain what it means by "grandfathered" and how this would change the Commission's review of its application at this point in time given the framework of the Scoping Memo and Ruling, we believe that SB 43 is clear that changes are not needed to an application filed prior to May 1, 2013 "provided… the application is consistent with this chapter."[35] Furthermore, Section 2831.5(c) specifically requires the Commission to determine that "the program is reasonable and consistent with the legislative findings and statements of intent of Section 2831" for "an application by a participating utility for a green tariff shared renewables program….". SDG&E and PG&E's applications are two such applications and we believe the Commission's guiding the current discussion in the docket is precisely the process contemplated in these two code sections in order to determine if SDG&E's application meets the requirements of SB 43.

## VI. CONCLUSION

A well-designed Shared Renewables program element is necessary to comply with SB 43 and to allow meaningful additional customer choice within the IOUs' GTSR programs, and can be designed to maintain nonparticipant ratepayer indifference and comply with direct access

[35] *See* Section 2831.5(d).

rules. IREC, SEIA, and Vote Solar respectfully encourage the Commission to require that both PG&E and SDG&E include a Shared Renewables program element similar in structure to the one proposed here at the outset of their GTSR programs, and look forward to discussing our proposal further in testimony and with stakeholders.

Respectfully submitted,

/s/_____
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