BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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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)

SIERRA CLUB PROPOSAL FOR THE NET METERING SUCCESSOR STANDARD TARIFF

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BEFORE THE PUBLIC UTILITIES COMMISSION
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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)

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Pursuant to the Administrative Law Judge's June 4, 2015 Ruling Seeking Party Proposals for the Successor Tariff or Contract, and Commissioner Picker's June 24, 2015 Ruling Granting in Part Motion of The Alliance for Solar Choice and Revising Procedural Schedule, Sierra Club submits the following proposal for the net metering successor tariff.

SUMMARY OF PROPOSAL

Sierra Club proposes behind-the-meter (BTM) generation utilize a time-of-use-based net energy metering (NEM) tariff. A time-of-use (TOU) NEM tariff is intended to better align NEM compensation with the value of BTM generation. This tariff will encourage behavior changes in usage of BTM generation and adoption of enabling technologies that can contribute to meeting the grid needs that will increasingly emerge with higher penetrations of renewable resources.

While Energy Division Staff have already developed model runs utilizing TOU peak periods of 2 to 8 p.m. and 4 to 8 p.m. under a NEM tariff, Sierra Club is submitting a third base case that assumes the success of California's multi-pronged efforts to continue to decarbonize the energy system, including meeting goals for electric vehicle adoption, Zero Net Energy homes, and increasing the RPS to 50 percent. Sierra Club has also quantified the non-energy benefits of BTM generation and included these benefits as part of its tariff evaluation under the Total Resource Cost and Societal Cost tests.

Implementation of a TOU NEM tariff presents several open questions. First, further development of an appropriate TOU rate or rates is needed, including the timing of peak and off-peak periods and the appropriate differential between these periods. While the TOU rates evaluated by Staff are an appropriate starting point, Sierra Club notes that a Proposed Decision in

A.14-01-027 found that SDG&E's prediction of a present and future load shift justifying moving its summer TOU peak to 2 – 9 p.m. merited further scrutiny as part of its general rate case.[1] In addition, multiple TOU offerings for BTM customers could be appropriate. For example, in its comments in the Residential Rate Design Proceeding, CAISO proposed TOU periods that contemplated a super off peak from 10 a.m. to 4 p.m. in March and April and a super peak from 4 to 8 p.m. in July and August.[2] Although more complex and likely inappropriate as the only TOU option, this TOU structure may be attractive to NEM customers with storage or other enabling technologies. Second, the transition to time of use periods should occur without overly disrupting or stunting the market for distributed solar. Surprisingly, both Energy Division Staff and Sierra Club's TOU runs showed an increase in forecast installations when TOU peak periods shifted to later in the evening—even though BTM solar production, and thus overall compensation for customers without storage, would be significantly lower during peak periods. Sierra Club is concerned about the accuracy of this prediction and believes further analysis is needed to understand the impact of imposing late afternoon TOU rates on BTM deployment.

This proposal meets the statutory criteria in Section 2827.1(b). Model runs in the Public Tool showed robust deployment of between 16,500 and 18,000 MW between 2017 and 2025. These results are higher than scenarios modelled by Energy Division Staff and meet the requirement of Section (b)(1) that "renewable distributed generation continues to grow sustainably." Similarly, this proposal meets the terms of Section (b)(3) that the standard tariff be "based on the costs and benefits of the renewable electrical generation facility" because our recommendation is based on an analysis that includes all costs and benefits of distributed generation, including an in-depth quantification of non-energy benefits.[3] Finally, the proposal satisfies the requirement of Section (b)(4) that "total benefits . . . to all customers and the electrical system are appropriately equal to total costs" because the results of the Total Resource Cost Test (TRC) and Societal Cost Test (SCT) show that the benefits outweigh costs—in the case of the SCT by a margin of almost 2 to 1.

[1] A.14-01-027, Proposed Decision on SDG&E 2014 Rate Design Window Application (July 10, 2015), http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M153/K016/153016918.PDF
[2] R.12-06-013, Comments of CAISO on Alternate Proposed Decision, Appendix A (June 11, 2015).
[3] Sierra Club's analysis of non-energy benefits is attached to this proposal as Attachment 2.

I. STANDARD SUCCESSOR TARIFF

A. Linking Public Tool Results to Statutory Criteria Set forth in Section 2827.1[4]

1. *What metric should be used to measure "sustainable growth" as used in Section 2827.1(b)(1)?*

Section 2827.1(b)(1) of the statute directs the Commission to "ensure that renewable distributed generation continues to grow sustainably." This phrasing indicates that the legislature intended the current rate of growth to be indicative of a sustainable rate of growth, and directed the Commission to ensure that rate of growth continues. The current rate of deployment of renewable distributed generation (DG) has increased year-over-year, both in terms of total MW deployed and the number of interconnections. The three utilities combined added 383 MW of DG in 2012, 526 MW in 2013, and 690 MW in 2014 – or over 30 percent growth in new installations each year.[5] In terms of the number of interconnections, the three Utilities connected 38,206 new DG systems in 2012, 65,724 systems in 2013, and 95,466 systems in 2014.[6]

The Commission has been directed to ensure that this market expansion continues, notwithstanding the expiration of the investment tax credit. Sustainable growth should be measured in capacity (MW) terms, and should be based off projected market growth immediately before the successor tariff goes into effect. If the market continues to grow at 30% per year in 2015 and 2016, the Commission should expect installed capacity in 2017 to be 30% higher than installed capacity in 2016, notwithstanding the new contract or tariff. Eventually, renewable distributed generation will reach market saturation, and the growth rate will slow. However, considering that DG still represents a small percentage of the utilities' load, this deceleration should not occur in the near future.

While the current rate of growth is robust, the rapid deployment of renewable DG is commensurate with the urgent need to transition California's electricity system away from fossil fuels. According to a recent poll, 78% of California adults support increasing incentives for

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[4] The answers to questions 1-3 are substantively the same as those set out in Sierra Club's earlier comments. *See* Sierra Club Opening Comments on ALJ's Ruling Seeking Comment on Policy Issues (March 16, 2015), pp. 1-8.

[5] SDG&E Response to CalSEIA data request, CalSEIA-DR-01 (Jan. 27, 2015); PGE Response to CalSEIA data request, CalSEIA_DR_001-01-02 (Feb. 17, 2015); SCE Response to CalSEIA Data Request #1, Question 1 (Feb. 16, 2015).

[6] *Id.*

rooftop solar energy, and this support transcends party lines.[7] The Commission should keep this incredibly broad public support for the need to expand BTM generation in mind when interpreting the statute. Sustainable growth also means "meeting the needs of the present without compromising the ability of future generations to meet their own needs."[8] California and the rest of the world have fallen far short of achieving intergenerational equity. The excessive combustion of fossil fuels has already compromised present and future generations by disrupting the climate. Continued reliance on fossil fuels is making these impacts more severe. Rapid and continued growth of distributed renewables is critical to achieving sustainable growth by helping to achieve a carbon-free energy system in a manner that also minimizes land-use impacts through development of resources on the built environment.

2. ***What metrics should be used to address the provision in Section 2827.1(b)(3) that the standard contract or tariff be "based on the costs and benefits of the renewable electrical generation facility?"***

The plain meaning of a contract or tariff that is "based" on costs and benefits is that the foundation of tariff development must be an assessment of the system's costs and benefits. This provision prevents parties from proposing contracts, tariffs, or charges that do not originate in an analysis of the actual impacts of distributed generation. It ensures that the Commission avoids the inefficient and arbitrary processes in other states' NEM dockets, where utilities proposed net metering fees only to have them rejected after lengthy proceedings, because the Commissions decided the fees were insufficiently cost-based.[9]

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[7] Public Policy Institute of California press release, "Majority Say Global Warming Contributing to Drought" (July 29, 2015). http://www.ppic.org/main/pressrelease.asp?i=1824

[8] United Nations World Commission on Environment and Development, "Our Common Future" (1987), p. 48. Available at http://www.un-documents.net/our-common-future.pdf

[9] *See, e.g.* PacifiCorp dba Rocky Mountain Power 2014 General Rate Case, Docket No. 13-035-184 (Report and Order of Utah Public Service Commission; August 29 2014), pp. 66 (denying PacifiCorp's request to impose a $4.65 monthly fee on net metering customers, because "the evidence is inconclusive, insufficient, and inadequate to make a determination …whether costs PacifiCorp or its customers will incur from the net metering program will exceed the benefits of the net metering program, or whether the benefits of the net metering program will exceed the costs."). *See also* In the Matter of Arizona Public Service Company's Application for Approval of Net Metering Cost Shift Solution, Docket No. E-01345A-33-0248, Arizona Corporation Commission Decision 74202, Dec. 3, 2013, p. 28, Conclusion of Law 3 (rejecting the Utilities' request for $50-100/month charge to NEM customers because future discussion of the issue would "benefit from a detailed analyses [sic] of the costs and benefits of distributed generation systems.").

In including Section 2827.1(b)(3), the legislature intended to ensure that the development of the successor tariff was grounded in factual analysis. The language calling for the tariff to be "based" in costs and benefits sets the groundwork for Section 2827.1(b)(4), discussed below, which adds the more specific requirement that "total benefits to all customers and the electrical system are approximately equal to the total costs." Accordingly, no specific metric needs to be identified with regard to this statutory section, as we understand the specific measurement of costs and benefits to be governed by Section (b)(4), discussed below.

3. What metrics should be used to address the provision in Section 2827.1(b)(4) that "total benefits . . . to all customers and the electrical system are appropriately equal to total costs?"

This language means that when applying the results of the various cost-effectiveness tests from the Standard Practice manual, the Commission should emphasize the results of the Societal Cost Test (SCT) and Total Resource Cost Test (TRC).

The statute refers to "total" costs and benefits, meaning that all benefits of renewable distributed generation, including non-energy societal and environmental benefits, should be part of the Commission's analysis. It also specifies that the Commission should analyze the costs and benefits to "all customers and the electrical system," meaning that the Commission should analyze the total costs and benefits to the utility and all the utilities' customers as a whole. The TRC looks at the impacts of distributed generation on the cost of energy in the utility's territory. The SCT goes further and is the only test that includes broader, non-energy benefits that the Commission must analyze to fulfill its obligation to consider total costs and benefits. The Ratepayer Impact Measure (RIM) test should not in and of itself be determinative. Any self-generation or energy efficiency technology that reduces utility revenues would result in a RIM test result lower than 1. The RIM test is not emphasized in other demand-side proceedings and should not be a primary focus of the design of the successor tariff.

B. Results with Standard Bookend Input Values and Retail Rate Assumptions

1. Results Under Sierra Club's Base Case

Because we propose the same tariff structure (existing NEM) included in Energy Division's Staff Paper, we do not replicate Staff's model runs using its six bookend cases. Our

base case inputs, which are detailed in Attachment 1, modify Staff's base case assumptions in two important ways.

First, the inputs are premised on the assumption that California will achieve all of its goals for the continued decarbonization of the energy system, including goals for electric vehicle adoption and Zero Net Energy homes, and an increase to a 50 percent RPS. In some cases, these assumptions suggest a high value for distributed renewables, while in other cases they have the opposite effect.[10] Sierra Club believes the Commission should evaluate future policies under the assumption that California achieves its ambitious but critically important goals for greenhouse gas reduction. If the state is serious about addressing climate change and meeting its goal of reducing greenhouse gas pollution to 40 percent below 1990 levels by 2030, achieving the sector-specific goals critical to overall greenhouse gas reductions is not optional.

Additionally, the default base cases do not include any of the societal or environmental benefits of distributed generation. Section 2827.1(b)(4) requires consideration of the "total" benefits of distributed generation, which should be understood to include the real and measurable benefits renewable distributed generation has in improving human and environmental health. All Californians benefit from cleaner air, reduced greenhouse gas pollution, less stress on critical water resources, and more open space free from utility-scale generation and transmission lines. In addition, especially in light of predicted decreased efficiency of gas generation from higher temperature due to climate change and an increase in the severity and frequency of wildfires that put transmission lines at risk, BTM generation also makes the grid more resilient and better prepares California for future impacts of climate change. While the value of fewer children suffering from asthma or more water in California's drought-stressed waterways arguably transcends purely monetary value, the monetary aspect of these benefits can and should be estimated. Sierra Club has provided figures for use in the Public Tool.[11] The Commission must account for the important non-energy benefits of BTM generation as it determines the successor tariff.

[10] For example, assuming a 50% RPS and achievement of the ZNE Homes policy goal significantly reduces the value of distributed renewables (these inputs are included in Staff's "Low DG Value" case). By contrast, assuming high EV deployment with daytime charging counter-balances the devaluation of daytime generation that is assumed to occur with high renewables penetration.

[11] *See* Attachment 2.

The results of three Public Tool runs under Sierra Club's base case are presented in Table 1, below. The model was run under each of Staff's three default rate structures: a 2-tiered rate, a TOU rate with a peak period between 2 p.m. and 8 p.m., and a late-peaking TOU rate with a peak period between 4 p.m. and 8 p.m. All three rates included a $10 minimum bill.

Table 1. *Cost Impacts of NEM (All Generation Case)*[12]

Base Case	Default Residential Rate	Forecast Installations 2017-2025 (MW)	Social Cost Test Benefit/Cost Ratio	Total Resource Cost Test Benefit/Cost Ratio	RIM Benefit/Cost Ratio	Bill Increase (% of Total RR)
SC	2 Tier	17,961	1.86	1.22	0.65	6.22%
SC	TOU 2-8 Peak 2:1 Differential	16,577	1.87	1.23	0.63	6.5%
SC	TOU 4-8 Peak 2:1 Differential	17,473	1.87	1.22	0.65	6.23%

All three model runs show roughly similar results under the three cost/benefit tests, and all scenarios indicate that the total benefits of distributed generation exceed the costs under the Total Resource Cost and Societal Cost Tests. In the case of the Societal Cost Test, the benefits exceed costs by a ratio of almost 2 to 1. Under the SCT, the social and environmental benefits of increased renewable generation total a substantial $0.10 per kilowatt hour. Most of this benefit is due to the considerable public health benefits of the reduction in particulate matter emissions, which reduces the incidence of asthma, cancer, heart and lung diseases, and of premature death.

Some aspects of these model results were surprising and merit further scrutiny. For example, the default residential tariff appears to make very little difference in the deployment of BTM generation. Even more surprisingly, the Public Tool predicts that the highest deployment of BTM generation will be triggered by the late-peaking TOU rate. This result is unexpected, and runs counter to the conventional wisdom that when solar generation and peak periods are poorly correlated, customer bill savings are reduced—and, consequently, so is overall solar

[12] Sierra Club presents model results only under the All Generation case due to the error in the Public Tool which produces incorrect Ratepayer Impact Measure results for the Export Only case when using Staff's "Seasonal TOU with Baseline Credit" rate structure, as Sierra Club does here. *See* July 31, 2015 email from Shannon O'Rourke, Energy Division, to R. 14-07-002 service list. Sierra Club believes the Export Only results would be a more appropriate basis for the Commission consideration, given that all customers have a right to reduce how much electricity they purchase from their utility—whether through efficiency measures, conservation, or self-generation—without this beneficial behavior being counted as a "cost" to other ratepayers. However, given that the Public Tool would produce inaccurate figures, we unfortunately cannot provide Export Only results in this proposal.

deployment.[13] A recent Lawrence Berkeley National Lab report supports this expectation: it found that when customer bill savings fell proportionally with the decline in the utility's avoided costs for energy caused by increasing penetration of solar (a proxy for decreased compensation under shifting time of use periods), solar deployment slowed and ultimately plateaued at a lower level than under flat rates.[14]

In order to test the robustness of these results for TOU deployment, Sierra Club ran a sensitivity case under a TOU rate with a peak between 8 p.m. and 6 a.m. This test was run under Staff's High DG value base case, and no other changes to the base case were made besides altering the timing of peak periods. This run predicted 16,363 MW of DG installed, higher than all other Staff model runs under full net metering.

Table 2. *Comparison of Cost Impacts of NEM to Non-Participating Customers for Systems Installed 2017-2025 (RIM All Generation Case) with Cost Impacts for Time Of Use Rate with Overnight Peak* [15]

Case	Default Residential Rate	Forecast Installations 2017-2025 (MW)	Non-Participant Benefit/Cost Ratio	Bill Increase (% of Total RR)	Bill Increase (% of Res. RR)	Bill Increase (% of Non-Res. RR)
High	2-Tiered	16,047	0.47	7.53%	9.41%	4.07%
High	TOU 4 p.m. 8 p.m. Peak	15,622	0.47	7.30%	11.07%	4.02%
High	TOU 2 p.m. - 8 p.m. Peak	14,707	0.46	7.32%	11.20%	3.90%
High	TOU 8 p.m. - 6 a.m. Peak	16,363	0.54	5.64%	8.28%	3.36%

Given that the Public Tool's deployment estimates are counter-intuitive and contrary to the conclusions of previous studies, its predictions merit further scrutiny.

[13] *See, e.g.,* Naïm Darghouth, Galen Barbose, and Ryan Wiser., "Customer-economics of residential photovoltaic systems (Part1): The impact of high renewable energy penetrations on electricity bill savings with net metering." Energy Policy 67 (2014) 290 – 300.

[14] Naïm Darghouth *et al.*, "Net Metering and Market Feedback Loops: Exploring the Impact of Retail Rate Design on Distributed PV Deployment." July 2015. Available at http://emp.lbl.gov/sites/all/files/lbnl-183185_0.pdf . To stand in for the effect of peak periods that change to reflect the value of the generation, the report assumes that the bill savings from PV decrease at the same rate as the decrease in the utility's avoided costs.

[15] Adapted from Energy Division Staff Paper Presenting Proposals for Alternatives to the NEM Successor Tariff or Contract for Residential Customers in Disadvantaged Communities (updated July 28, 2015), Table 13.

2. Description of Recommended Tariff

Sierra Club proposes that the current NEM tariff structure be maintained, with a shift to TOU-based tariff for BTM generation. It is preferable to maintain the compensation mechanism as a tariff rather than a contract, because a tariff is familiar, simple and understandable.

At this juncture, Sierra Club does not provide more specifics on the TOU periods that should apply to NEM customers or the timing of a transition to TOU rates. Sierra Club's Public Tool results counterintuitively showed an increase in deployment when TOU rates moved to later in the day and a significant jump in deployment upon expiration of the investment tax credit.. Because of these unexpected results, Sierra Club lacks confidence that its Public Tool modeling reflects the realities of BTM deployment under TOU rates and does not recommend a specific transition path at this time.

Sierra Club is concerned that an abrupt transition to TOU rates with late afternoon or evening peaks, before enabling technology is widely and economically available, before providers have adjusted their marketing and outreach, and which occurs at the same time as the expiration of the solar investment tax credit, could be overly disruptive to the market and undermine the statutory requirement that a successor tariff ensures "renewables distributed generation continues to grow sustainably."[16] Rate design workshops as part of the residential rate design proceeding will soon initiate a more thorough consideration of TOU periods and how and when shifts in peak load are expected to occur. These workshops can inform decisions on the structure and timing of the transition to TOU rates for BTM customers. The transition to default TOU rates for all residential customers in 2019 may be an appropriate point to consider applying a TOU rate to new BTM customers.

Assuming that the results from the Public Tool are accurate, this tariff proposal meets the statutory criteria set forth in Section 2827.1(b). Sierra Club's model runs showed robust deployment of between approximately 16,500 and 17,500 MW between 2017 and 2025.[17] This tariff would also meet the stipulations of Section (b)(4) that the "total benefits . . . to all customers and the electrical system are appropriately equal to total costs." The results from the

[16] Pub. Util. Code §2827(b)(1).

[17] Sierra Club is skeptical of the predictive accuracy of these results, given that they are significantly higher than Staff's NEM runs using slightly different assumptions. We have spoken with Energy Division staff about these results but were unable to understand the specific cause of what appear to be inflated estimates of future deployment.

Public Tool show a cost/benefit ratio of 1.2 under the TRC test under all three rate structures in Sierra Club's base case, meaning that the total cost of energy service will decrease across the utilities' territory. The results from the SCT are even more strongly positive, demonstrating the high societal benefits distributed renewable generation has in addition to its energy value. The cost/benefit ratio for non-participants is 0.65, similar to the all-generation RIM results under Staff's tariff proposals for value-based export compensation and a modified NEM credit for exports. This cost/benefit ratio would be higher under the Export Only scenario, however unfortunately the Public Tool does not produce accurate results for that test under a TOU rate.[18]

C. Recommendation for Systems Larger than 1 MW

Sierra Club does not have an opinion on the treatment of systems larger than 1 megawatt.

D. Additional Elements

1. VNM and NEM Aggregation

The current rules governing access to virtual net metering (VNM) and NEM aggregation should not be restricted. Ideally, Sierra Club would like to see VNM extended to be open to all customers on a single distribution circuit or within a single census tract. All households should be able to access the benefits of BTM generation ownership regardless of whether they own their home or have suitable roof space.

2. Exemptions from Interconnection and Distribution Upgrade Fees

The new tariff should provide economic signals for solar owners to adopt behaviors and technologies that provide maximum grid value. A tariff that imposes unavoidable fees or charges that do not incentivize helpful behavior would not achieve this objective.

3. Exemptions from Standby Charges

Standby charges are not appropriate to levy on residential customers. These charges are assessed on large customers who customarily cover their full load, but may require grid electricity without notice; this situation is not analogous to a residential customer with a distributed generation system sized to meet only a fraction of their load and who has continually fluctuating exported generation and demand.

[18] *See* July 31, 2015 email from Shannon O'Rourke, Energy Division, to R. 14-07-002 service list.

4. Payment of Non-Bypassable Charges

Sierra Club believes it may be reasonable for solar customers to pay these charges, because they fund important public purpose programs unrelated to the value of generation.

We performed a second sensitivity case where solar customers were no longer exempted from the payment of non-bypassble public purpose charges. This sensitivity was run under Staff's High DG value base case using the late-peaking TOU rate. The model run resulted in a surprising increase in forecast installations relative to Staff's model run, although we expected installations to decrease given the decrease in bill savings. Given this anomaly, Sierra Club is unsure what effect a change in the payment of public purpose charges would have on BTM generation deployment or on rates.

Table 3. *Comparison of Cost Impacts of NEM to Non-Participating Customers for Systems Installed 2017-2025 (RIM All Generation Case) with Cost Impacts of NEM With Non-Avoidable Public Purpose Charges*[19]

Case	Default Residential Rate	Forecast Installations 2017-2025 (MW)	Non-Participant Benefit/Cost Ratio	Bill Increase (% of Total RR)	Bill Increase (% of Res. RR)	Bill Increase (% of Non-Res. RR)
High	TOU, 4 p.m. – 8 p.m. Peak	15,622	0.47	7.30%	11.07%	4.02%
High	TOU, 4 p.m. – 8 p.m. Peak, "Non-Bypassable (Other)" charges are ***Non-Avoidable***	16,474	0.50	6.70%	10.92%	3.08%

E. Safety and Consumer Protection

Sierra Club does not have expertise on grid safety and consumer protection, and defers to other parties on these issues.

[19] Adapted from Energy Division Staff Paper Presenting Proposals for Alternatives to the NEM Successor Tariff or Contract for Residential Customers in Disadvantaged Communities (updated July 28, 2015), Table 13.

F. Legal Issues

Public Utilities Code section 745 does place restrictions on the Commission's ability to authorize mandatory or default time of use pricing for residential customers. The statute provides that "the [C]ommission shall not establish a mandatory or default time-variant pricing tariff for any residential customer," except that default time-varying pricing may be implemented following the customer protection safeguards stipulated in Section 745(c).[20] This statute presents a potential legal issue for Sierra Club's recommendation that all customers who install BTM generation after a certain date be required to switch to a TOU tariff. Sierra Club believes that this successor tariff would not create a mandatory TOU rate as prohibited by the statute: the requirement to switch to TOU rates would be triggered by the optional decision to install BTM generation.

Because Sierra Club proposes to maintain the current bill credit structure, legal issues concerning PURPA compliance or tax liability are not implicated.

II. GROWTH IN DISADVANTAGED COMMUNITIES

The Sierra Club does not have its own proposal for the alternative tariff supporting growth in disadvantaged communities, but looks forward to discussing other parties' proposals. In general, Sierra Club supports the recommendation of Energy Division Staff, SCE, CEJA, Grid Alternatives, and Clean Coalition that the CalEnviro Screen 2.0 tool be used as at least one of the means of identifying disadvantaged communities.[21] The costs and benefits of the alternative tariff or contract for disadvantaged communities should be considered separately from the standard contract, because the plain language of section 2827.1(b)(4) only requires "the total benefits of the *standard* contract or tariff [to be] approximately equal to the total costs."[22] There is no such balancing requirement for the disadvantaged communities program, which illustrates the legislature's intention that supporting the growth of DG in disadvantaged communities is an explicit state policy goal.

[20] Cal. Pub. Util. Code § 745(b).
[21] Staff Paper, pp. 2-4; SCE Opening Comments, p. 8; CEJA and Greenlining Opening Comments, p. 10; Grid Alternatives Opening Comments, p. 4; Clean Coalition Opening Comments, pp. 3-4.
[22] CEJA and Greenlining Opening Comments, p. 24.

III. CONCLUSION

Sierra Club appreciates the opportunity to submit these comments.

Respectfully submitted this 3rd day of August, 2015.

By */s/*
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