



COM/MGA/lil 1/5/2021

**FILED**  
01/05/21  
10:31 AM

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

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.

Rulemaking 14-07-002

And Related Matter.

Application 16-07-015

**ASSIGNED COMMISSIONER'S RULING SEEKING COMMENTS ON ENHANCED AUDITING PROPOSAL AND SOLAR TRANSACTION RECORD**

This ruling seeks party comments on a proposal by the California Solar & Storage Association (CALSSA) for enhanced audits by the electric investor-owned utilities (IOU), and for development by the electric IOUs of solar transaction record (STR) databases as a component of an enhanced audits program. Parties may file comments in response to this ruling no later than January 22, 2021, and reply comments no later than January 29, 2021.

Decision (D.) 18-09-044 adopted a number of solar consumer protections, including development of a Solar Consumer Protection Guide (Guide),<sup>1</sup> and directed the electric IOUs to conduct semi-annual spot audits of at least 100 interconnection applications, to confirm whether a solar provider has a valid Contractor State License Board (CSLB) license and entered that number for its

<sup>1</sup> D.18-09-044 authorized the development of a solar information packet, which is now referred to as the Solar Consumer Protection Guide.

interconnection application, and to verify that the customer signed forms attesting that the customer received and read the Guide and CSLB Solar Energy System Disclosure Document prior to signing a contract or agreement with a solar provider. D.20-02-011 adopted further consumer protections and authorized the Commission's Consumer Protection and Enforcement Division (CPED) to propose a citation program for the consumer protection requirements established by D.18-09-044 and D.20-02-011.

On May 18, 2020, the electric IOUs jointly filed a petition for modification of D.20-02-011 (petition). The electric IOUs requested that the CPUC (or Commission) modify D.20-02-011 to "eliminate or defer any IOU citation program and instead continue exploring other options such as the registration program that remains under consideration, a secure portal for regulator access to documentation and information collected at interconnection, a taskforce to work with other enforcement agencies, increasing the frequency of spot audits, as well as others through stakeholder workshops and comments."<sup>2</sup> In considering the petition, I continue to explore ways to ensure that existing requirements are being followed and mechanisms to enhance these consumer protections.

On April 27, 2020, CPED published a draft resolution to create a net energy metering (NEM) citation program for enforcing the consumer protection requirements established by D.16-01-044, D.18-09-044, and D.20-02-011; the proposed program included an STR portal requirement.

On September 25, 2020, CPED staff held a workshop to provide stakeholders further opportunity to discuss the draft resolution. During the

---

<sup>2</sup> *Petition for Modification of Decision 20-02-011 of Southern California Edison Company (U 338-E), Pacific Gas and Electric Company (U 39-E) and San Diego Gas and Electric Company (U 902-E)*, filed May 18, 2020, at 3.

workshop, both the electric IOUs and CALSSA made presentations with suggestions for alternative ways to achieve the goals of enhanced enforcement proposed by CPED. CALSSA presented an alternative proposal that consists of the following elements:

- Contractor watch list: CPED or CPUC staff would maintain a watch list, consisting of contractors that have a violation of Guide requirements, or about whom CPUC or CSLB staff receive complaints warranting placement on the watch list. A contractor meeting either of these criteria would remain on the watch list for the current quarter and the following quarter. CPUC staff would refresh the watch list at the end of each quarter, removing contractors that do not have new issues;
- Targeted audits: Each IOU would conduct a semi-annual spot audit of at least 1,000 interconnection applications, half of which would be random and the other half would target contractors on the watch list;
- Increased scrutiny of contractors on watch list: In addition to targeted audits, the IOUs would:
  - Send all contracts (if fewer than ten applications) or contracts for at least ten of each contractor's applications, to both CPUC and CSLB staff for review,
  - Conduct a visual inspection of least ten of the contractor's applications as they are submitted. This number would increase by ten for each successive quarter that a contractor remains on the watch list; and
- Escalated cases that require visual inspection: the IOUs would inspect the following documents as they process interconnection applications, rather than in a later audit:
  - Guide and attestations,

- Solar installation contract, including the CSLB cover sheet and supplemental information sheet(s),<sup>3</sup> and
- Electronic audit trail for electronic signatures.

CALSSA asserts that slowing down the interconnection process for a contractor puts them at a competitive disadvantage, thus suggesting that its proposal will deter contractors from violating the Commission's consumer protection requirements.

While the IOUs' presentation focused primarily on the "Impacts on Interconnection Timelines and Costs" related to the proposed NEM citation program, they also provided some specific suggestions.

A copy of both the electric IOUs' and CALSSA's workshop presentations, detailing the CALSSA proposal and IOU suggestions, are included in this ruling as an attachment.

In considering CALSSA's proposal, I continue to see value in developing an STR portal as a component of such an enhanced audit program. The purpose of the STR portal would be to enable CPUC staff to access transaction details and documents to investigate alleged violations of the Commission's consumer protection requirements. The contents of each STR would be as specified in the current version of Draft Resolution UEB-004.<sup>4</sup>

---

<sup>3</sup> CSLB staff developed a draft Solar Energy System Disclosure document with input from Commission staff. Per AB 1070's requirements, the cover page of the Solar Disclosure Document is intended to comply with California Business and Professions Code Section 7169(b). The CSLB will also develop supplemental information pages that include additional information, including an electric bill savings estimate pursuant to D.20-08-001.

<sup>4</sup> As of the date of this ruling, the current version of Draft Resolution UEB-004 is included in Item 51 of the Commission's December 17, 2020 meeting agenda. Direct url: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M354/K033/354033086.pdf>.

I invite parties to comment on CALSSA's proposal, and to address the value of directing the electric IOUs to develop an STR portal as a component of an enhanced audit program. Comments responsive to this ruling shall address the following specific questions:

1. Are any further modifications to the STR portal requirement necessary, beyond what is described above?
2. Should the Commission approve the enhanced spot audit program as proposed by CALSSA, which would increase each IOU's semi-annual spot audit reporting requirement from 100 to 1000 applications?
3. Do enhanced audits or the development of the STR portal constitute a 'Primary Purpose' in accordance with customer data privacy provisions outlined in D.11-07-056? Why or why not?
4. To share potentially personally identifiable information and data with the CSLB for the purposes of enforcement via the STR or enhanced audits described in this ruling, do the IOUs require a specific order of the Commission? Why or why not?
5. Should a 'watch list' approach, as described in CALSSA's proposal, be adopted?
6. What criteria should CPUC and CSLB staff use to determine whether a complaint warrants placing the contractor that is the subject of the complaint on the contractor watch list?
7. Should additional or alternative factors, other than complaints or violations, serve as criteria for placing a contractor on the watch list?
8. If you disagree with CALSSA's proposal for increased scrutiny (visual inspection) of applications received from contractors on the watch list as described above, explain why and propose an alternative means of determining the scope of the IOUs' visual inspections.
9. Identify specific additional items of information that are crucial for the IOUs to share (if any) to effectively enable CPUC and CSLB staff to investigate complaints and alleged violations. Should CPUC staff have discretion to adjust parameters such as

the number of contracts an IOU must send to CPUC and CSLB staff, or the scope of visual inspections?

10. What additional elements (if any) are necessary to effectively deter contractors from violating state law, including the Commission's consumer protection requirements?
11. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each provide their estimates of the cost of each element of the proposed enhanced audit program and the STR portal as described in this ruling. Each IOU shall specify or describe the basis of each cost estimate (e.g., similar activities, contractor estimates, improvement of existing infrastructure to support the STR portal, new tools purchased, etc.), and provide reference to any recent general rate case filings for similar activities, or filings in other proceedings for similar activities.

**IT IS SO RULED.**

Dated January 5, 2021, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES

Martha Guzman Aceves  
Assigned Commissioner