

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



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Order Instituting Rulemaking to Revisit Net Energy  
Metering Tariffs Pursuant to Decision D.16-01-  
044, and to Address Other Issues Related to Net  
Energy Metering.

Rulemaking 20-08-020  
(Filed August 27, 2020)

**OPENING COMMENTS OF GRID ALTERNATIVES ON  
PROPOSED DECISION ADOPTING GUIDING  
PRINCIPLES FOR THE DEVELOPMENT OF THE  
SUCCESSOR TO THE CURRENT NET ENERGY  
METERING TARIFF**

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25 January 2021

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**I. INTRODUCTION**

GRID Alternatives (GRID) submits the following comments on the 5 January 2021 *Proposed Decision Adopting Guiding Principles for the Development of the Successor to the Current Net Energy Metering Tariff* (Proposed Decision or PD).

GRID is a mission-based, direct service provider bringing the benefits of renewable energy technologies and job training opportunities to low-income and under-resourced communities. GRID is the Program Administrator (PA) of low-income solar programs statewide, including the Single Family Affordable Solar Homes (SASH) program since 2009, the Disadvantaged Communities – Single-Family Solar Homes (DAC-SASH) since 2019, and the Low-Income Weatherization Program (LIWP) for single-family solar since 2014. GRID is also part of a nonprofit PA team administering the Solar on Multifamily Affordable Housing (SOMAH) program, since 2018. The SASH, DAC-SASH, and SOMAH programs all rely on the current structure of the NEM 2.0 tariff to provide bill reduction, clean energy, workforce opportunity, and increasingly, the ability to build on-site and local resilience to income-qualified customers and disadvantaged communities.

**II. COMMENTS ON PROPOSED GUIDING PRINCIPLE 3**

As found in the 19 November 2020 *Assigned Commissioner’s Scoping Memo and Joint Administrative Law Judge Ruling* (Scoping Memo), proposed guiding principle #3 states: “A

successor shall ensure equity among customers and enhance consumer protections measures[.]”<sup>1</sup>

In response to the Scoping Memo, GRID agreed with the intent of proposed guiding principle #3 and recommended that Environmental and Social Justice (ESJ) Communities<sup>2</sup> should “benefit at least proportionately from customer-sited renewable generation”<sup>3</sup> as non-ESJ communities do. To clarify, GRID views “equity among customers” as a *result* that the Commission should set the stage for the market to deliver through the forthcoming provisions to be adopted in this proceeding. In this case, an equitable result would be that ESJ communities adopt NEM-based solar at least proportionately as non-ESJ communities do (e.g. 50/50). On this point, GRID is pleased to see the Administrative Law Judge (ALJ) recommend that the forthcoming party proposals include a metric, representing each party’s perspective of what equitable growth in low-income and disadvantaged communities looks like.<sup>4</sup> The metric will be debated or litigated, and once adopted, only then would the intent of proposed principle #3 be clarified: A successor shall ensure equity among customers and enhance consumer protections measures.

In this PD, based on parties’ recommendations to the Scoping Memo, the ALJ has proposed to separate the two issues (equity and consumer protection) discussed in proposed principle #3 and instead proposes to adopt a definition of “equity” for use in this proceeding as recommended by The Utility Reform Network (TURN). The proposed definition of equity is “ensuring equal compensation for the same generation, equal collection of unavoidable and non-bypassable charges from participants and non-participants, and requiring participants to pay a fair share for the grid services they use.”<sup>5</sup> GRID notes this proposed definition of “equity” is a peculiar one and recommends the Commission omit TURN’s suggested definition.

As referenced elsewhere in this PD when discussing similar attempts to predetermine outcomes,<sup>6</sup> adopting this definition of equity is premature as there is yet to be on-the-record

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<sup>1</sup> PD, p.3.

<sup>2</sup> Environmental and Social Justice Action Plan, p.9-10,  
[https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/Env%20and%20Social%20Justice%20ActionPlan\\_%202019-02-21.docx.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/Env%20and%20Social%20Justice%20ActionPlan_%202019-02-21.docx.pdf)

<sup>3</sup> GRID Alternatives Opening Comments on Scoping Memo, p.4.

<sup>4</sup> PD, p.10.

<sup>5</sup> PD, p.13.

<sup>6</sup> PD, p.7., “We agree with CALSSA, guiding principles should provide a framework to assist in the development and evaluation of a successor but not adopt tariff elements or predetermine the resolution of contested issues of fact and law.”

discussion of a quantitative metric of what equity among customers would look like. This definition also tips the scale towards a specific proposal option and tariff elements, providing an unfair advantage upon Commission review.

Moreover, the statement “equal compensation for the same generation” incorrectly characterizes the components of what is considered equal generation. Renewable energy derived from a solar system is a renewable product, irrespective of its distance to the end-user. However, this excerpt omits an increasingly important and unique benefit of NEM-based solar: its diffusion. The benefits of distributed resilience, partially enabled by NEM-based solar and storage, illustrate a value that unequivocally cannot be incorporated into the statement “equal compensation for equal generation.”

A failure to account for unique benefits of certain kinds of generation would increase inequitable outcomes among customers. For example, to address the growing issue of maintaining access to reliable electricity, the Commission, the California Energy Commission, and the California Air Resources Board are jointly discussing methods to regulate a market where customers adopt clean energy alternatives instead of diesel backup generators.<sup>7</sup> GRID contends all ratepayers would be better served with NEM-based solar and storage being the easier-to-adopt clean energy alternative instead of the sustained and dispiriting commercial and residential rush on diesel-powered generators. In response to a question about the recent prevalence of diesel generator use, a representative from the Bay Area Air Quality Management District (BAAQMD) responded:

“When we released our Clean Air Plan three years ago the number [of 50+ BHP diesel generators] were hovering just below 7,000, so in just over the course of a few years, we’re seeing an uptick, now close to 10,000. The reasons are numerous, whether its growth of specific sectors or industries or responses to PSPS events.”<sup>8</sup>

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<sup>7</sup> See Workshop to Discuss Research into Clean Energy Alternatives to Diesel Backup Generator Systems, 21 January 2021, hosted by the California Energy Commission

<sup>8</sup> Jakub Zielkiewicz, Bay Area Air Quality Management District, Clean Energy Alternatives to Diesel Backup Generator Systems, meeting time: 1:07:047, [https://energy.zoom.us/rec/share/wiAVrU0wWN5saNjGI9Bqy4U8GE9-mZEUVvm709ECBx4IJtVUPkgdiIhWAipqUipj.jQtuaCOMxERi\\_jHO](https://energy.zoom.us/rec/share/wiAVrU0wWN5saNjGI9Bqy4U8GE9-mZEUVvm709ECBx4IJtVUPkgdiIhWAipqUipj.jQtuaCOMxERi_jHO)

This is just one of many present-day examples where an increased reliance on diesel generation for electrical reliability is producing inequitable and harmful societal impacts. Put simply, all ratepayers and specifically low-income, disadvantaged, and AB 617 communities,<sup>9</sup> will be better served with increased access to the benefits provided by local resilience, rather than diesel generators and/or an over-reliance on generation wheeled in from afar which remains at material risk of environmental hazards. GRID notes this may not have been true only a few years ago (the 2017 fire season marked an inflection point); but the rapidly changing environmental conditions now demand a different set of circumstances for decision-makers to consider and incorporate.

As such, GRID recommends the Commission keep guiding principle #3 as proposed in the Scoping Memo: A successor shall ensure equity among customers and enhance consumer protection measures. With the helpful addition of a metric documenting what NEM-equity looks like, the Commission will have successfully provided guiding principles that parties should adhere to when developing proposals, and eventually, operating under in a reformed distributed generation (DG) market.

### **III. COMMENTS ON THE NEW GUIDING PRINCIPLE THAT CONSOLIDATED PROPOSED PRINCIPLES 1, 2, AND 4**

In the PD, ALJ Hymes recommends that “the Commission should delete proposed principles 1, 2, and 4 and instead adopt one guiding principle that requires the successor to the net energy metering tariff to comply with the statutory requirements of Public Utilities Code Section 2827.1.”<sup>10</sup> Proposed guiding principle #1 states: “A successor shall ensure that customer-sited renewable generation continues to grow sustainably among different types of customers and throughout California’s diverse and disadvantaged communities.”<sup>11</sup> In reference to what the ALJ means when interpreting Public Utilities Codes Section 2827.1, ALJ Hymes interprets “sustainable growth” to mean “growth whereby all customers can sustain the cost of that growth.”<sup>12</sup>

There is an important distinction between the statements “equity among customers,” as in proposed guiding principle #3, and “all customers [sustaining] the cost of that growth” As

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<sup>9</sup> AB 617, Garcia, 2017

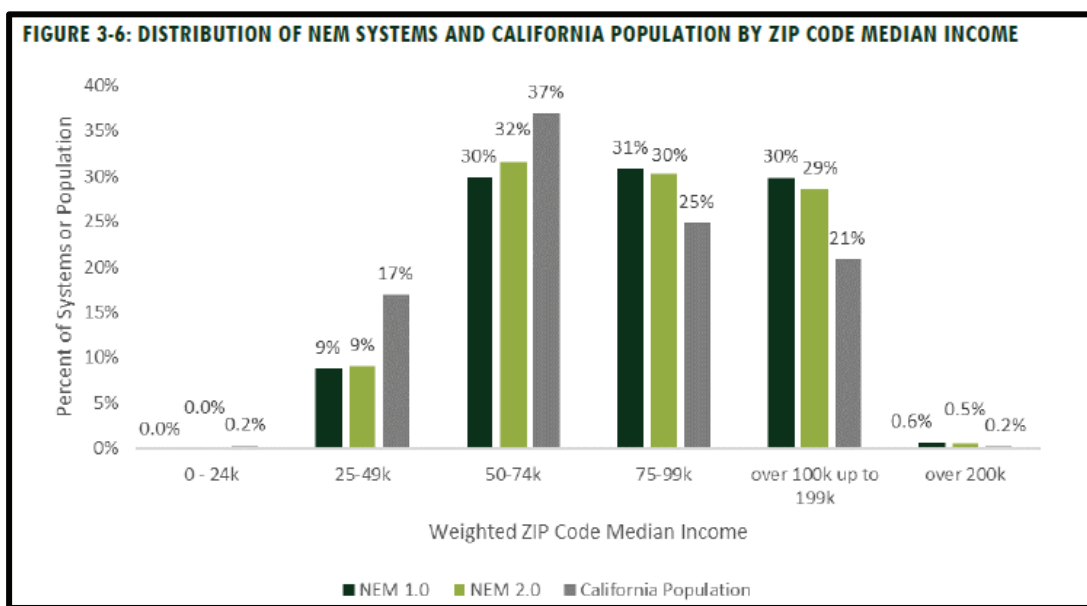
<sup>10</sup> PD, p.8.

<sup>11</sup> PD, p.3.

<sup>12</sup> PD, p.10.

proposed in the PD. GRID believes “equity among customers” refers to equity *within* the NEM tariff, or NEM-participants. This is supported by Public Utilities Code Section 2827.1, which specifically provides for targeted “growth [of customer-sited renewable distributed generation] among residential customers in disadvantaged communities.” GRID is fully aware that equity has not yet been achieved by adopters of NEM-based solar; specific provisions should be promulgated to ensure the NEM 2.0 successor tariff (or NEM 3.0) provides low-income ratepayers the opportunity to adopt NEM-based solar at the same rate (or greater) than non-low-income solar adopters have to date.

GRID briefly discusses some of the data points in the “Net-Energy Metering 2.0 Lookback Study” to highlight areas of improvement (i.e. identifying thresholds for NEM-equity) from NEM 2.0 to NEM 3.0.



In Figure 3-6 (above),<sup>13</sup> the distribution of NEM 2.0 systems is greater than the percentage of California population once the weighted zip code median income rises above \$75k. The largest negative delta (8%) between NEM 2.0 systems and the relevant California population is in the 25k-\$49k median income band. The largest positive delta (8%) is in the \$100k-\$199k income band. GRID will elaborate on additional areas of improvement in response to 21 January 2021

<sup>13</sup> Net-Energy Metering Lookback Study, 21 January 2021, Verdant Associates, LLC, Figure 3-6: Distribution of NEM Systems and California Population by Zip Code Median Income, p.33

*Email Ruling Presenting Final Verdant Study and Instructing Parties to Respond*, but the above-referenced data provides just one example where NEM 3.0 equity could be met: the distribution of NEM systems should be equal to or greater than the California population in the under \$75k income bins.

GRID points out that equity for current non-participants, which includes all Investor-Owned-Utility (IOU) customers, can be promoted if more low-income non-participants become participants. Currently, the market environment incentivizes contractors to focus their time and resources in communities where they are more confident their sales efforts will yield installations. To remedy the issues that are producing inequitable results, GRID recommends that “A successor shall ensure that customer-sited renewable generation continues to grow sustainably among different types of customers and throughout California’s diverse and disadvantaged communities” be interpreted as: the NEM successor tariff shall *prioritize* growth among different types of customers and throughout California’s low-income and disadvantaged communities. Sustainable growth can be achieved by enabling equity among customers.

GRID recommends the Commission create a regulatory framework, via these guiding principles, whereby parties dedicate substantial time in this proceeding to 1) enabling significantly higher low-income adoption rates of NEM-based solar, 2) continue streamlining relevant processes to advance NEM-based solar adoption (meeting the legislative intent of sustainable growth), and 3) optimizing the NEM tariff to encourage solar paired storage setups. A NEM successor should creatively grow the industry, not hinder it by interfering with full measurement and compensation of differentiated and equity-promoting benefits.

#### **IV: COMMENTS ON PROPOSED GUIDING PRINCIPLE 8**

The PD would expand upon proposed Guiding Principle 8, “A successor shall maximize the value of customer-sited renewable generation,” to define to whom the value is provided as “to all customers and to the electrical grid,” and to define “value” as “the sum of benefits customer-sited generation provides the electric grid.” GRID supports the former change and opposes the latter. GRID also supports the Commission’s decision not to prescribe a specific metric for measuring value. As discussed above, the full and proper capture and compensation for value is one of the key decisions to be addressed during this proceeding.



GRID believes that the definition of “value” in the PD is inconsistent with the clarification regarding to whom the value is provided. It is inappropriate to limit the definition of “value” to benefits to the electric grid, when doing so is likely to omit important values to customers. Such values may include resilience benefits from distributed solar and storage, and associated health and safety improvements; energy burden reduction; social entrenchment and normalization of customer-sited renewables in diverse settings and communities, enhancing market growth; community empowerment and control of their energy; and sustained greenhouse gas reduction benefits. Limiting value to only that provided to the grid itself pre-ordains key conclusions in this proceeding and undercuts the ability to promote equitable growth of customer-sited renewable distributed generation.

## **V: CONCLUSION**

GRID appreciates this opportunity to offer comments on this Proposed Decision and looks forward to working with stakeholders on the development of the successor tariff.

Respectfully submitted,

/s/ Steve Campbell

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