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01/28/21
04:59 PM

KHY/bx1 1/28/2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 20-08-020

**E-MAIL RULING INTRODUCING WHITE PAPER, NOTICING WORKSHOP
ON WHITE PAPER, AND PROVIDING INSTRUCTIONS
FOR SUCCESSOR PROPOSALS**

Dated January 28, 2021, at San Francisco, California.

/s/ KELLY A. HYMES

Kelly A. Hymes
Administrative Law Judge

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Sent: Thursday, January 28, 2021 2:34 PM

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Subject: R2008020 Email Ruling Introducing White Paper, Noticing Workshop on White Paper, and Providing Instructions for Successor Proposals (email 1 of 2)

From: Hymes, Kelly A. <kelly.hymes@cpuc.ca.gov>

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Subject: R2008020 Email Ruling Introducing White Paper, Noticing Workshop on White Paper, and Providing Instructions for Successor Proposals (email 2 of 2)

This Email Ruling introduces a White Paper from Energy and Environmental Economics (E3) and Verdant Associates: *Alternative Ratemaking Mechanisms for Distributed Energy Resources in California* (White Paper). The White Paper will be the subject of a virtual workshop in Rulemaking 20-08-020, scheduled for February 8, 2021 at 1:00 pm. The White Paper provides a beginning point for parties to develop proposals for successors to the current net energy metering tariff. As described below, this Email Ruling also provides guidance for party proposals, which, as set forth in the November 19, 2020 *Assigned Commissioner Scoping Memo and Joint Administrative Law Judge Ruling*, are due on March 15, 2021.

The purpose of the attached White Paper is to provide E3's perspective on a framework for the successor to the net energy metering tariff. As described in the White Paper, the Commission engaged E3 to support the development of a suitable net energy metering successor tariff that will be compliant with current California statutes. E3 will host a workshop on February 8, 2021 beginning at 1:00 pm. During the workshop, E3 will provide an overview of the White Paper and provide an opportunity for parties to ask questions and discuss the contents of the White Paper. The workshop will be accessible at the following link:

<https://ethree.webex.com/ethree/j.php?MTID=e79c8a62c359219e3b81b440fe628979d>

The White Paper is meant to provide a framework for parties to develop their own proposals for a successor to the current net energy metering tariff, which are required to be filed on March 15, 2021. (The Scoping Memo inadvertently stated the proposals would only be served.) Parties are encouraged to work with other parties to develop joint proposals. Energy Division has prepared instructions for parties to submit proposals. Proposals shall comply with the instructions provided herein to ensure complete proposals.

Instructions for Submitting Proposed Successors to the Current Net Energy Metering Tariff

1. Proposals should include a summary no longer than three pages, which clearly and briefly provides:
 - a. An overview of the proposal;
 - b. An explanation of how the proposal meets each of the relevant statutory criteria;
 - c. A discussion of main similarities and/or differences between the party's proposal and the options identified in the White Paper; and
 - d. A description of any important statutory, policy, or practical issues that remain open in the proposal.
2. Proposals should address each of the following elements:
 - a. Export compensation structure(s) (e.g., net metering, net billing, feed-in tariff)
 - b. Description of methodology and inputs for calculating export compensation price(s) (e.g., avoided greenhouse gas emissions, transmission capacity, distribution capacity, generation energy, system generation capacity, local generation capacity)

- c. Rate structure(s) (e.g., time-of-use rate requirement, fixed or demand charges, minimum bill, market transition credit, nonbypassable charges)
 - d. Continued application of secondary customer benefits (e.g., exemptions from interconnection upgrade costs, standby charges, and departing load charges)
 - e. Terms of service and billing rules (e.g., duration of service, true-up period, netting interval)
 - f. Treatment for systems 1 megawatt and larger
 - g. How to address variations on the current net energy metering tariff (e.g., net energy metering aggregation and virtual net energy metering)
 - h. Any modifications to existing smart inverter requirements for systems taking service on the successor tariff
 - i. Whether and how energy storage and other distributed energy resources are integrated into the tariff
 - j. Any safety issues related to the successor tariff
 - k. Any legal issues associated with your proposal (e.g., consistency with other Commission decisions or statutory requirements, tax implications for customers)
3. Proposals should justify how they address each of the “guiding principles” articulated in the *Decision Adopting Guiding Principles for the Development of the Successor to the Current Net Energy Metering Tariff* in R.20-08-020, as adopted by the Commission. Compliance with all statutory and cost-effectiveness mandates, as indicated in the adopted guiding principles, should be highlighted in the proposal. Parties are encouraged to justify the cost-effectiveness of proposals within their proposals.
4. Proposals should address, in detail, implementation plans and timelines.
- a. With regard to implementation plans, discuss whether you anticipate the need for a further formal implementation phase within this proceeding after the adoption of the proposed successor to the current tariff, or whether the implementation can be achieved through Advice Letter filings, informal working groups, and/or other means; also specify any anticipated potential implementation steps such as coordination with other programs or proceedings.
 - b. With regard to timeline, provide a breakdown of the total anticipated time it will take to fully implement the tariff after Commission adoption.
5. Proposals should indicate and discuss similarities and differences with elements discussed in the White Paper. If your proposal includes a market transition

credit, include responses to the questions in the concluding section of the White Paper.

IT IS RULED that:

1. A virtual workshop in Rulemaking 20-08-020, to discuss the attached White Paper from Energy and Environmental Economics (E3) and Verdant Associates: *Alternative Ratemaking Mechanisms for Distributed Energy Resources in California*, will be hosted by E3 on February 8, 2021 beginning at 1:00 pm.
2. Proposals for successors to the current net energy metering tariff shall be filed no later than March 15, 2021 and shall comply with the instructions herein. Parties are encouraged to collaborate with other parties to develop and file a joint proposal.

The Docket Office shall formally file this Email Ruling. Due to the size of the service list, this Email Ruling is being sent in two batches.

Kelly A. Hymes

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California Public Utilities Commission
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