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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 Metering.	Rulemaking 20-08-020

ADMINISTRATIVE LAW JUDGE'S RULING SETTING ASIDE SUBMISSION OF THE RECORD TO TAKE COMMENT ON A LIMITED BASIS

This ruling sets aside submission of the record in Rulemaking (R.) 20-08-020 to take comment on a limited basis. As further discussed below, respondents to this proceeding shall and parties may file comments responding to the questions contained in this ruling. Opening comments responding to these questions are due no later than June 10, 2022; reply comments are due no later than June 24, 2022.

1. Reopening the Record

On December 13, 2021, the Commission issued a proposed decision in R.20-08-020 entitled *Decision Revising Net Energy Metering Tariff and Subtariffs*. Parties filed opening comments to the proposed decision on January 7, 2022 and reply comments on January 14, 2022. In response to these comments, I am setting aside submission of the proceeding record to further explore three elements of the proposed decision: (A.) the glide path approach, (B.) non-bypassable charges on gross consumption; and (C.) community distributed energy resources. Each of these issues is further described below and followed by a set of questions for each topic.

A. Glide Path Approach

In the proceeding, the Commission considered different proposals to transition customers from the existing net energy metering tariff to a successor tariff. This transition is referred to as the "glide path." The proposed decision, issued on December 13, 2021, would adopt a residential customer glide path approach in the form of a Market Transition Credit (MTC), which is a fixed dollar per kilowatt ($/kW) of solar system size, provided as a monthly electricity bill credit.

This credit would be separate from (and additional to) the electricity bill credits provided for exported energy, which under the proposed decision, would be based on hourly Avoided Cost Calculator (ACC) values. The ACC values would reflect expected hourly value of exports to the system, averaged across days in a month and differentiated by weekdays and weekends.[1]

Pursuant to the proposed decision, residential customers installing solar panels (with or without battery storage) during the first four years of the Tariff would be eligible to receive the MTC. The MTC itself would step down by 25 percent for prospective customers over a four-year period. Customers that take service on the Net Billing Tariff (Tariff) during this four-year period would lock in the MTC amount for a ten-year period.

Considering the parties' comments on the proposed decision and the record of the proceeding to date, this ruling seeks comments from parties on another glide path approach, referred to herein as "ACC Plus." The ACC Plus

[1] Proposed Decision, December 13, 2021, at 180-181 (Ordering Paragraph 3).

would provide a fixed cents per kilowatt-hour (c/kWh) export adder on top of the ACC-based hourly export credits. For *example,* a residential customer that enrolls in the Tariff in Year 1 of the glide path would be compensated for any energy exported to the grid based on the corresponding hourly ACC value + X c/kWh (adder).

The ACC Plus adder would step-down over time for prospective customers, providing a glide path that ends at ACC values. As an *example,* a customer that enrolls in the Tariff in Year 2 of the glide path would be compensated based on the corresponding hourly ACC value + X * 0.75 c/kWh for their lock-in period (*this step-down amount is for illustrative purposes only*).

1. Explain why you would or would not support the ACC Plus residential customer glide path approach as an alternative to the current MTC approach.
2. All else equal, do you consider the ACC Plus glide path to be a more effective approach in ensuring that customer-sited renewable distributed generation continues to grow sustainably, compared to a glide path approach that sets export compensation rates at a declining percentage of the retail per-kWh rates, and/or is based on an MTC? Elaborate in your response.
3. If the Commission adopts the ACC Plus, would Tariff customers be more likely to provide higher value to the electric grid than under a glide path approach that is based on a percentage of retail rates, since price signals for exports would reflect the hourly differences in export value to the system based on ACC values?
4. If the Commission adopts the ACC Plus, should the Commission consider alternatives to the fixed c/kWh adder value, such as a multiplier (Y) defined as a fixed percent that would increase export compensation in all hours by the same percentage in all hours (*i.e.*, hourly ACC value * (1+Y))? Why or why not?

5. If the Commission adopts the ACC Plus, should a single adder apply to both solar-only and solar+storage systems, or should separate adders apply to solar-only systems and solar+storage systems? If a single adder is used, should the focus of the design be the customer economics of solar-only systems or solar+storage systems? If separate adders are used by technology, how would the investor-owned utilities (Utilities) distinguish between solar-only systems and solar+storage systems in their interconnection portals, and how would Utilities verify the technology associated with the Tariff applications to ensure the correct adder is being used?

6. If the Commission adopts the ACC Plus, are there any potential impacts to how customers would dispatch battery systems that should be taken into consideration? For *example*, would the ACC Plus impact how solar+storage customers decide when to export versus consume behind-the-meter?

7. Some parties expressed concerns that the proposed decision would lead to an abrupt change in bill savings for customer-generators and would not provide a smooth transition for the solar industry.

   a. If the Commission adopts the ACC Plus, explain what the basis should be for determining the ACC Plus adder amount in Year 1 of the glide path and why. For *example*, should the ACC Plus amount target a certain payback period, or a certain level of bill savings, an approximate a percentage of retail rate, or some other metric? Provide any recommendations for what the ACC Plus amount should be in Year 1.

   b. If the Commission adopts the ACC Plus, describe your proposed timeframe over which the ACC Plus is offered to prospective Tariff customers, the rate of step-down so the glide path ends at ACC-based values, and your rationale.

8. The proposed decision recommends giving low-income customers, as defined in the proposed decision, a higher MTC than non-low-income customers so these customers can achieve similar customer economics. This is reflected in the MTC amounts proposed in the proposed decision's Table 5.[2]
   If the Commission adopts the ACC Plus, should the ACC Plus be a different amount in Year 1 of the glidepath for low-income customers compared to non-low-income customers? Should the ACC Plus be stepped down on a different timeframe or rate of change for low-income customers compared to non-low-income customers? Describe your rationale, including the basis for your proposed glide path for low-income customers (higher bill savings, lower payback period, *etc*.).
9. If the Commission adopts the ACC Plus, describe whether and why it should (or should not) apply to nonresidential customers. If you believe it should apply to nonresidential customers, should the ACC Plus be a different amount in Year 1 of the glide path compared to residential customers? Should the ACC Plus be stepped down on a different timeframe or rate of change for nonresidential customers compared to residential customers? Describe your rationale, including the basis for your proposed glide path for nonresidential customers.

B. Non-Bypassable Charges on Gross Consumption

In comments to the proposed decision, Sierra Club proposes that the Utilities collect non-bypassable charges (NBC) on each Tariff customer's gross consumption, which would include assessing NBCs on both imports and consumption behind-the-meter. This is different from the current NEM 2.0 method, by which NEM 2.0 customers pay certain NBCs on billed imports.

[2] Proposed decision at 122.

Sierra Club proposes customers have the option of using estimation methodologies for determining NBCs or the installation of a separate meter.[3]

10. If the Commission adopts the approach of collecting NBCs on gross consumption from Tariff customers, should the Commission consider collecting from all Tariff customers or only a subset of Tariff customers? For *example*, should the Commission consider collecting from all nonresidential and residential customers; only residential customers; only non-low-income residential customers; or all residential customers plus non-residential customers on certain rates? Explain your rationale.

11. If NBCs on gross consumption are collected from Tariff customers, which of the following list of electric program and securitization charges should be considered as NBCs for Tariff customers, and why? If there are any additional existing electric program or securitization charges that parties believe should be collected as NBCs that are not on this list, please include them and explain your rationale. Utilities are instructed to clarify which of these charges do and do not apply to their customers.

    - Public Purpose Programs (*currently NEM 2.0 customers pay on imports)*
    - DWR Bond Charge/Wildfire Fund (*currently NEM 2.0 customers pay on imports)*
    - Competition Transition Charge (*currently NEM 2.0 customers pay on imports)*
    - Nuclear Decommissioning (*currently NEM 2.0 customers pay on imports)*
    - New System Generation
    - Reliability Services
    - PUC Reimbursement Fee

[3] Sierra Club Opening Comments on Proposed Decision Revising Net Energy Metering Tariff and Subtariffs at 12-13.

- Energy Cost Recovery Account
- Wildfire Hardening
- Local Generation
- Power Charge Indifference Adjustment

12. If the Commission imposes additional electric program or securitization charges in the future through other proceedings, what is the process by which the Commission should determine whether and how those charges should apply to Tariff customers as NBCs?

C. Community Distributed Energy Resources

Currently, the Commission offers a community solar program for low-income customers living in disadvantaged communities through the Community Solar Green Tariff (CSGT) program. The CSGT program enables residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from a local solar project and receive a 20 percent bill discount. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company are submitting Applications for Review of the CSGT program by May 31, 2022, which may include proposals to expand the capacity,[4] the locational eligibility requirement[5]

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[4] The CSGT program's capacity cap is currently 41 megawatts. Applications may propose to modify the capacity limits.

[5] CSGT currently has a 5-miles radius requirement which means projects must be sited in disadvantaged communities within 5 miles of disadvantaged communities where subscribing customers reside. For San Joaquin Valley Pilot communities, the radius requirement is 40 miles. Applications may propose to modify this locational eligibility requirement.

and customer eligibility criteria,[6] and technology eligibility[7] for this program.

13. Would low-income customers and/or renters benefit from a community solar tariff program modeled on the Tariff structure compared to participation in the CSGT program? Please describe advantages and disadvantages between the two community solar models.
14. The CSGT program guarantees participants 20 percent bill savings, in addition to the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) discounts. Should the Commission adopt a policy that any community solar program or tariff guarantee a certain level of bill savings for low-income participants and/or renters to increase participation and ensure consumer protections? If yes, how would a bill savings guarantee be monitored and enforced? Parties may wish to provide examples of how other states have incorporated a bill savings guarantee, as well as the level of guaranteed savings, into their community solar tariff programs, and lessons learned.

Respondents to this proceeding shall and parties (as clarified in Section 2 below) may file comments responding only to the questions above and based on the current evidentiary record. Comments outside the scope of the questions in Section 1 will not be considered. Opening comments responding to these

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[6] With the exception of San Joaquin Pilot Communities, CSGT currently limits eligibility to California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers in disadvantaged communities defined as among the top 25 percent of CalEnviroScreen census tracts in addition to the 22 census tracts in the highest 5 percent of CalEnviroScreen's Pollution Burden, but that do not have an overall CalEnviroScreen score. Applications may propose to modify these eligibility criteria.

[7] The Commission's website notes that in September 2021, the Energy Division held a public webinar to suggest topics for inclusion by Utilities in forthcoming applications reviewing the CSGT program. The website notes that Energy Division staff proposed the utilities include the Green Tariff/Shared Renewables and Enhanced Community Renewables Programs as part of the applications in order to better align Commission programs offering alternatives to rooftop solar. *See* https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/solar-in-disadvantaged-communities/the-community-solar-green-tariff-csgt-program

questions shall be filed no later than June 10, 2022; reply comments shall be filed no later than June 24, 2022. The record will be resubmitted upon the filing of reply comments.

2. Clarifying January 3, 2022 Ruling Addressing Motions for Party Status

On January 3, 2022, a ruling was issued addressing motions for party status. The ruling granted party status on a limited basis to the following parties: County of Los Angeles (County); Doosan Fuel Cell American, Inc. (Doosan); Redwood Coast Energy Authority (Redwood Coast); and Enphase Energy (Enphase). The Ruling stated that allowing participation at this late juncture would be unfair and prejudicial to those parties who have actively developed and served opening and/or rebuttal testimony, participated in evidentiary hearing, and/or filed opening and/or reply briefs. The ruling stated that pursuant to Commission Rules of Practice and Procedure, Rule 1.4(c), the participation of County, Doosan, Redwood Coast, and Enphase Energy would be limited to "future activities of this proceeding, including those that may be directed in the adopted decision on the successor net energy metering tariff." The intent of this limitation was to ensure fairness to parties that have actively participated in the majority of the work to develop this record. To be clear, County, Doosan, Redwood Coast, and Enphase Energy are permitted to file comments to this Ruling, pursuant to the instructions in Section 1 above.

Parties are reminded that procedural questions should be sent by email to the Administrative Law Judge and simultaneously copied to the service list for this rulemaking, as other parties may have the same or similar question.

IT IS RULED that

1. Submission of the record in Rulemaking 20-08-020 is hereby set aside to expand the current record on a limited basis.
2. Respondents to this proceeding shall and parties may file comments responding to the questions contained in this Ruling and based on the evidentiary record of this proceeding.
3. Opening Comments responding to the questions contained in this ruling shall be filed no later than June 10, 2022 and reply comments shall be filed no later than June 24, 2022.
4. The record of Rulemaking 20-08-020 will be resubmitted upon the filing of reply comments on June 24, 2022.

Dated May 9, 2022, at San Francisco, California.

KELLY A HYMES

Kelly A. Hymes
Administrative Law Judge