



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

Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the Self-
Generation Incentive Program and Related
Issues.

R.20-05-012
(Filed May 28, 2020)

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**OPENING COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES
ASSOCIATION, NORTHERN CALIFORNIA POWER AGENCY, AND
SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY ON THE ASSIGNED
COMMISSIONER'S OCTOBER 26, 2022 RULING**

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CALIFORNIA PUBLIC POWER AUTHORITY ON THE ASSIGNED
COMMISSIONER’S OCTOBER 26, 2022 RULING**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the *Assigned Commissioner’s Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and Assembly Bill 209 Implementation*, filed October 26, 2022, the California Municipal Utilities Association (“CMUA”), the Northern California Power Agency (“NCPA”), and the Southern California Public Power Authority (“SCPPA”) (collectively, “Joint POUs”) respectfully submit these comments.¹

CMUA is a statewide organization of local public agencies in California that provide essential public utilities including electricity, water, and wastewater service throughout California. CMUA membership includes publicly owned electric utilities (“POUs”) that operate electric distribution and transmission systems that serve approximately 25 percent of the electric load in California, and public water and wastewater agencies that serve approximately 75 percent of California’s water customers. California’s POUs and public water and wastewater agencies

¹ Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, NCPA and SCPPA have authorized CMUA to sign these comments on their behalf.

are committed to, and have a strong track record of, providing safe, reliable, affordable, and sustainable electric, water, and wastewater service.

NCPA is a public Joint Powers Agency, lawfully formed under the provisions of the California Joint Exercise of Powers Act (Government Code section 6500 *et seq.*). The members of NCPA include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, the Truckee Donner Public Utility District, and the Plumas-Sierra Rural Electric Cooperative. NCPA provides wholesale power services in the California Independent System Operator markets; owns and operates hydroelectric, geothermal, solar and combustion turbine facilities, and provides legislative and regulatory support for its member agencies. Collectively, NCPA's members serve nearly 700,000 electric consumers in Central and Northern California.

SCPPA is a public Joint Powers Agency, lawfully formed under the provisions of the California Joint Exercise of Powers Act (Government Code section 6500 *et seq.*). The members of SCPPA include the local publicly owned electric utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, as well as the Imperial Irrigation District. Collectively, SCPPA's members serve more than 5 million Southern Californians. SCPPA provides legislative and regulatory support for its member agencies in addition to its joint planning, financing, construction, and operation of transmission and generation projects functions.

I. INTRODUCTION

On September 6, 2022, Governor Newsom approved Assembly Bill (“AB”) 209 which, among other things, established directives for allocating general funds to provide incentives (“AB 209 Incentives”) for eligible residential customers, including customers of POUs who

install behind-the-meter energy storage systems or solar photovoltaic (“PV”) systems paired with energy storage.² The AB 209 Incentives are intended to promote an integrated approach to (1) increase individual customer resiliency, (2) reduce the electrical grid’s net peak demand, (3) reduce electric ratepayer costs, and (4) reduce emissions of greenhouse gases and localized air pollution. They are also designed to support low-income customers as 70% of the incentive funds are earmarked for low-income residential customers.

On October 26, 2022, the Commission issued the *Assigned Commissioner’s Ruling Seeking Comments on Improving Self-Generation Incentive Program Equity Outcomes and Assembly Bill 209 Implementation* (“ACR”). The ACR provided background on the directive established in AB 209 and solicited stakeholder responses to a series of questions.

Prior to AB 209, POU customers only participated in the Self-Generation Incentive Program (“SGIP”) to the extent that they receive gas or electric service from the four participating investor-owned utilities (“IOUs”): Pacific Gas & Electric (“PG&E”), Southern California Edison (“SCE”), San Diego Gas & Electric (“SDG&E”), and Southern California Gas Company (“SoCalGas”). The new AB 209 SGIP, with its different funding source and expanded access, represents a significant change from the current ratepayer funded program. There are currently multiple unknowns with regard to the AB 209 Incentives, including the actual amount of funds that will be appropriated and available for the program. Moreover, California’s POU and the communities they serve are unique in several ways, including size, geography, resources, demographics, and service. While, as a general matter, consistent rules and implementation may lower barriers for contractors that operate in multiple jurisdictions, POU’s insights into local needs, strong customer relationships, and specific circumstances may uniquely position some to

² CMUA provides these comments within the context of further legislative action being needed to appropriate the funds to implement SGIP under AB 209. The 2022 Budget Act included an agreement to provide \$900 million in general funds for the SGIP, but the Legislature will need to vote in 2023 to appropriate the funds.

successfully implement or administer SGIP in their service territories and ensure AB 209 funds are more accessible to their constituents.

Given these factors, the Joint POU's believe that additional discussion is needed to identify the most effective program implementation. To that end, the Joint POU's offer the following initial feedback on select questions presented in the ACR.

II. RESPONSES TO ACR QUESTIONS

1. How should the AB 209 funding be allocated across SGIP residential budget categories?

Given that AB 209 creates an entirely new funding source that includes all POU and IOU customers, it appears that a threshold question should be how will the \$900 million from the general fund be allocated amongst the various utility customers, including POU customers. Another issue related to this threshold question is how will the AB 209 funds be earmarked or distinguished for programs in light of the fact that the initial allocation is only for the 2023-2024 fiscal year. How does the Commission anticipate AB 209 funding continuing beyond that time? These foundational questions will help inform the manner in which the AB 209 funds are allocated between the various existing SGIP programs, and even whether other residential budget categories are warranted. The Joint POU's believe that responses to these kinds of questions could be further developed in a collaborative environment by Commission-led workshops.

32. What utility (utilities) or entity (entities) should serve as Program Administrator for the additional POU's that will be served by new AB 209 SGIP funds? Please explain your reasoning.

The Joint POU's recommend additional discussion regarding the entity or entities that should serve as the program administrators for the additional POU customers served by AB 209 SGIP funds. However, a third-party administrator selected by POU's and individual POU administration should both be options.

A POU or a cohort of multiple POU's could jointly select a third-party administrator for the customers eligible for AB 209 funds in their service areas. This approach would provide efficiencies, help streamline implementation, and reduce administrative burden.

Individual POU's should also have the option to serve as the program administrator. Depending on their resources and specific circumstances, individual POU's may be well-positioned to develop a program that provides timely, efficient solutions tailored to their service area. POU's know where their most vulnerable community members are, can offer an improved customer experience, and can serve as a single point of contact for multiple customer programs. Furthermore, some POU's have existing customer programs in place for technologies that are eligible for AB 209 funding, and it is critical that these programs are synthesized appropriately to avoid customer confusion and to maximize benefits. As such, specific POU's should be able to choose to administer the program for their communities in lieu of a third-party administrator.

At this stage, the Joint POU's recommend against designating the current SGIP program administrators as the administrators of the new AB 209 Incentives for POU customer simply because they have previously served as administrators of the ratepayer-funded SGIP program. These program administrators do not have an existing relationship with the customers being served, and as noted previously, the AB 209 component of SGIP represents a departure from the current program. However, POU's should be able to designate these entities as a third-party administrator for their customers.

A third-party administrator should provide POU's with relevant information related to each project funded by the incentive program, including customer information, location of project, capacity of project, projected performance, and actual performance. Furthermore, all projects funded by a third-party administrator should comply with the local utility's electric service requirements.

Program guidelines should clarify that the new AB 209 program funds will be accessible to *all* POU customers, including those who were not previously eligible under SGIP, including POU customers who do not take gas service from any of the IOUs. Again, the distinction between the existing ratepayer-funded SGIP and the AB 209 funds coming from the state's general fund make these clarifications necessary to avoid confusion and barriers to implementation.

The Joint POUs urge the Commission to explore all the options discussed above, perhaps in workshops, to develop an implementation regime that allows POU customers to benefit from the AB 209 Incentives without incurring excessive and unnecessary administrative costs and processes.

33. Should the program rules be the same for IOU and POU customers? Why or why not?

Program rules should be generally consistent among IOU and POU customers. Having a single set of rules for the program would be most efficient and least confusing to customers. However, as the program is currently designed with a focus on IOU ratepayer funding, program rules around the general fund monies may need to be different. As noted above, California's POUs serve a diverse range of customers in diverse geographic conditions and are governed by and accountable to their local communities. As a result, in order to maximize the benefits to customers and meet the AB 209 objectives, program rules may not necessarily be the same for POU and IOU customers. The Joint POUs recommend further discussion on the circumstances that may warrant specific differences in rules.

To the extent individual POUs may choose to serve as program administrators, deference should be given to the POU governing board over the rules as they apply to their local communities.

Irrespective of whether there should be different guidelines for POU and IOU customers receiving AB 209 funds, program rules should distinguish the current SGIP program, which is focused on IOU ratepayer funding, from the AB 209 Incentives, which are supported by state general funds, where appropriate. The program rules must be designed to meet the needs of all eligible customers, in all utility service territories, and programs guidelines and rules must be able to address differences in the service territories. For example, program guidelines must account for differences in rate structures for POU and IOU territories, and rules designed around IOU rate structures and CPUC oversight would not be appropriate for POU customers. Similarly, to optimize customer buy-in, the AB 209 Incentives need to be designed in the context of the specific demand response and load management programs in POU service territories.

For AB 209 Low-Income Incentives, eligibility requirements should be tailored to the needs of the affected community. This means that low-income definitions need to be regional or service-territory specific. Rules need to reflect the demographics of the individual community, but also the program offerings of the utility that serves the customers. Allowing POU-specific program rules would also enable the utilities to tailor their own outreach and programs to maximize the benefit to their customers, and increase the participation and efficacy of the AB 209 SGIP funding.

34. Should there be separate budgets for IOU and POU customers? Why or why not? If there should be separate budgets, please explain a methodology for allocating the AB 209 budget to IOU and POU customers based on the program structure you propose.

The Joint POU's recommend additional discussion on this question. Any general fund budget for the SGIP program should ensure that POU customers have equal access to the program funding. One option that could accomplish this is separating available funding into a POU budget and an IOU budget. One proposal for allocating funds would be to use the pro-rata

share of the customer load, as is currently used for the ratepayer-funded portion of the SGIP. California's POU's serve approximately 25% of the state's electric load. Given that the AB 209 funds come from state's general fund, it is reasonable that 25% of the AB 209 funding be allocated to POU's collectively. The Joint POU's encourage the Commission to initiate workshops to further explore and discuss options to ensure an equitable allocation of the general fund monies.

35. What steps are necessary to ensure that the program is accessible to customers once the AB 209 funding is available starting July 1, 2023?

The Joint POU's defer a detailed response to this question as details about program design and funding allocations are further explored. However, at a high level, developing a successful and accessible customer program requires that program rules and procedures be simple, easy-to-understand, and clearly marketed to the community and contractors serving them. Customer outreach and community knowledge are key to successfully implementing the AB 209 program and partnering with local Community-Based Organizations can help to ensure outreach to eligible customers. To that end, it is imperative that the program design not be mired down by unnecessary administration. The program should also be easy for customers to understand, and not involve any hidden restrictions or reductions. For example, any potential Inflation Reduction Act ("IRA") tax incentives should not be used to reduce SGIP eligibility or payments. Customers and contractors need to be able to easily understand the opportunities presented by the program. Additionally, customers must easily understand the roles that various parties play in the process. For example, how do customers work with equipment installers and what is the process to receive program funding? The Joint POU's again recommend further discussion of the AB 209 SGIP program and the factors that will result in successful implementation.

III. CONCLUSION

The Joint POU's appreciate the opportunity to submit these opening comments and look forward to working with the Commission in this proceeding.

Dated: December 2, 2022

Respectfully submitted,

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