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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 Energy Metering.

R.20-08-020
(Filed August 27, 2020)

**JOINT REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY
(U 338-E), PACIFIC GAS AND ELECTRIC COMPANY (U 39-E) AND SAN DIEGO GAS
& ELECTRIC COMPANY (U 902-E) ON THE NEW PROPOSED DECISION OF ALJ
HYMES REVISING NET ENERGY METERING TARIFF AND SUBTARIFFS**

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SUBJECT INDEX OF RECOMMENDED CHANGES

Pursuant to Rule 14.3(b) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) provide the following Subject Index of Recommended Changes in support of their Joint Reply Comments on the Proposed Decision (PD) Revising Net Energy Metering Tariff and Subtariffs.

Specifically, the final decision should:

- Reject arguments seeking an increased glidepath, as the glidepath provided in the PD is more than adequate, and rather, is unnecessary.
- Eliminate the ACC-plus adder for non-CARE customers, not increase it as some parties request.
- Continue to exclude non-residential customers from receiving the ACC-plus adder, as a glidepath is unnecessary for these customers.
- Maintain the approach described in the PD for addressing low-income customers, and reject the recommendations made by others to expand the definition of "low-income."
- Eliminate the complex and novel VNEM/NEMA netting treatment described in the PD and which is unsupported by the record.
- Maintain the Tier 1 advice letter structure for the Joint Utilities to submit their net billing tariffs as described in Ordering Paragraph 13, but through a single advice letter submitted within 45 days of the Final Decision.
- Maintain the 120-day sunset deadline for NEM 2.0 eligibility, as a shorter timeline is unlikely to be feasible.

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the November 10, 2022 ALJ’s proposed decision (“PD”) revising Net Energy Metering tariff and subtariffs, Southern California Edison Company (“SCE”), Pacific Gas and Electric Company (“PG&E”), and San Diego Gas and Electric Company (“SDG&E”) (collectively, the “Joint Utilities”), submit these reply comments on the PD.¹

I. THE PD’S GLIDEPATH IS MORE THAN ADEQUATE

Several parties commented that the PD’s proposed glidepath is a “cliff” and, based on the experiences of other states implementing similar reforms, that the PD will not ensure sustainable industry growth.² The solar industry has been subsidized at the expense of ratepayers for over 25 years; the glidepath began over six years ago with the adoption of NEM 2.0.³ That NEM customers today are overcompensated for their exports is not justification to continue overcompensation at the expense of non-participating, and disproportionately lower-income, customers. Other states’ experiences do not indicate that the PD’s reforms would have a devastating impact; if anything, they show the opposite, especially considering the industry’s maturation, federal and state funding sources, and the substantial subsidies maintained by the NBT.⁴ The record in the proceeding amply supports that the glidepath adopted by the PD is more than sufficient; in fact, it is unnecessary.⁵

II. ACC+ SHOULD BE ELIMINATED, NOT INCREASED, FOR NON-CARE CUSTOMERS

Numerous parties agree that the general market does not need ACC+ credits to sustain a reasonable value proposition.⁶ However, parties representing the solar industry contend that even the excessive credits in the PD are insufficient, asserting that the \$3.30/W solar cost assumption is too low. These claims should be rejected for two reasons. First, they fail to account for the impact of rate increases on future savings, which drives the payback below nine years. Second, their high-cost claims are contradicted by SEIA’s own research data showing residential pricing of approximately \$3/W, just as they claimed for the adoption of Title 24.⁷ Considering the solar

¹ Pursuant to Rule 1.8(d) of the Commission’s Rules of Practice and Procedure, SCE and SDG&E have authorized PG&E to file and sign these comments on their behalf.

² CALSSA, pp. 1-2; Sierra Club, pp. 3-7; SEIA/Vote Solar, pp. 5-6. (All citations refer to parties’ Opening Comments filed Nov. 30, 2022 to the PD, unless otherwise specified. All acronyms have the meaning assigned in the PD or Appendix A to the Joint Utilities’ Opening Brief (filed Aug. 31, 2021).) D.16-01-044.

³ Joint IOU Opening Brief (Aug. 31, 2021), pp. 32-52 (discussing other states, industry trends); Oral Argument transcript (Nov. 16, 2022), at 2220:7-15, 2286:3-15, Joint Utilities/Tierney.

⁴ See also Cal Advocates, pp. 5-6.

⁵ Cal Advocates, pp. 5-6; TURN, pp. 5-8; IEPA, pp. 2-4; CUE, pp. 5-6.

⁶ Joint Utilities’ Reply Comments on the ALJ’s May Ruling (July 1, 2022), p. 3-5; Chart Titled “Residential Solar PV System Pricing” at [Solar Industry Research Data | SEIA](#).

parties' inconsistent claims concerning the cost of solar, which appear to be based on what serves their interests at the time, their arguments concerning the cost of solar should be given no weight. For the reasons set forth in the Joint Utilities' and others' Opening Comments, the ACC+ plus should be eliminated for non-CARE customers.

III. A NON-RESIDENTIAL NBT GLIDE PATH IS UNNECESSARY

The solar industry also argues that the CPUC should provide ACC+ credits for non-residential customers.⁸ SEIA argues adders are needed to achieve a 7-year payback for large commercial customers, but only cites CALSSA testimony referring to residential customers as evidence.⁹ SEIA further attempts to justify this excessive compensation, reasserting incorrect claims from testimony that the non-residential market was already in decline.¹⁰ The Joint Utilities' rebuttal testimony demonstrated these claims were incorrect, and the CPUC's own public data portal confirms that the non-residential market saw year-over-year capacity growth in 2020 and 2021.¹¹ In any case, any possible need for an adder is likely unnecessary if targeting a 9-year time to payback.

Parties opposed to reform in the non-residential sector also cite the Lookback Study's findings that non-residential TRC scores were greater than one to justify maintaining the status quo (and ignore the RIM results). As addressed by the Joint Utilities' rebuttal testimony and affirmed by the PD, this result was a function of the anomalously high 2020 ACC benefits; commercial solar has TRC scores less than one when using the 2021 and 2022 ACC.¹²

IV. THE PD APPROPRIATELY ADDRESSES LOW-INCOME PARTICIPATION

The Commission should not expand the eligibility criteria for low-income ACC+ compensation, as suggested by some parties.¹³ The PD appropriately limits low-income adders to CARE/FERA customers currently receiving lower compensation due to their rate discounts. Expanding the low-income definition may direct more funds to higher income customers above the CARE/FERA threshold, while not addressing other barriers to low-income participation such as high upfront costs, lack of homeownership or low credit rating for financing.¹⁴ GRID et al.'s

⁸ CALSSA, p. 2; SEIA, pp. 8-10.

⁹ SEIA, p. 9, fn. 31 (citing Ex. CSA-01, 62:1-7).

¹⁰ SEIA, p. 10, fn. 38 and 39.

¹¹ Ex. IOU-02 pp. 88-92; California DG Stats <https://www.californiadgstats.ca.gov/charts/>.

¹² Ex. IOU-02 p. 87-88; PD, p. 199, FOF 95, and p. B-5.

¹³ GRID Alternatives (GRID) et al., p. 2, Center for Biological Diversity (CBD), p. 8.

¹⁴ See, e.g., NEM 2.0 Lookback Study (Jan. 2021), p. 35 (re proportion of owner-occupied residential NEM installations), p. 39 (showing higher proportion of existing NEM adoption among higher median

proposal that an additional 2.1 million households should be eligible¹⁵ for subsidized tariff compensation risks diverting scarce ratepayer funds from those who actually need the assistance (currently only 15% of NEM customers in PG&E's service territory are also CARE customers¹⁶), while further harming non-participating customers of all income levels through a larger cost shift.

Second, the PD appropriately defers to ongoing Commission activities in R.20-05-012 to design incentive structures to allocate \$900 million of general funds for solar and storage installations both for low-income and general market customers. If further low-income program funding is provided by ratepayers it should be funded by existing NEM customers as suggested by Cal Advocates;¹⁷ non-participants should not continue to fund structural inequities within the NEM tariff, only part of which are addressed through the proposed Net Billing Tariff.

Third, GRID et al.'s suggestion to use a higher installed cost of \$4.28/watt to calculate the CARE/FERA ACC+ adder should be dismissed. The ACC+ adder is contingent upon the PD's logic that customers must achieve a simple payback in 9 years. As noted by TURN, upfront incentives as contemplated by the AB 209 funding will dramatically shorten the payback period.¹⁸ Certain low-income customers might receive incentives up to 100% of the upfront cost of systems. In this scenario, the simple payback is 0 years, thus additional tarified compensation incentives beyond the ACC, and especially incentives assuming a higher installed system cost, are a wasteful use of ratepayer funds. TURN also states that there should be a level of reciprocity for these customers who are receiving a full subsidy and the ACC adder, and the Joint Utilities agree this is an opportunity for these customers to act as positive grid actors. AB 209 implementation should be optimized for resiliency and for grid value, reserving capacity for these batteries to participate in current and future load management programs.

V. THE PD HAS NO BASIS TO ADOPT NOVEL VNEM/NEMA TREATMENT

CALSSA confirms that the PD's implied intent to require on-site netting at the metering interval is not aligned with the directives of the PD and proposes the PD be rephrased to implement

income households within disadvantaged communities); Energy Commission, Low-Income Barriers Study (Dec. 2016), Part A, p. 29, 35, available at: https://assets.ctfassets.net/ntcn17sslow9/3SqKkJoNIvts2nYVPAOmGH/fe590149c3e39e51593231dc60eeeff/TN214830_20161215T184655_SB_350_LowIncome_Barriers_Study_Part_A_Commission_Final_Report.pdf> (as of Nov. 30, 2022).

¹⁵ GRID et al., p. 5.

¹⁶ Ex. IOU-01, p. 171.

¹⁷ Cal Advocates Opening Brief (August 31, 2021), pp. 30-31.

¹⁸ TURN, pp. 7-8.

this intent.¹⁹ Ivy indicates that it shares the PD's misconception that the current VNEM tariff involves netting at the interval level.²⁰ Neither of the agricultural parties argue in favor of the netting treatment in the PD. That no party provides support for this structure based on the record (or references their own proposal as being in line with the PD) confirms that the PD's approach is inappropriate and must be changed. The Joint Utilities' recommendation in Opening Comments to provide any needed subsidy transparently, and without requiring an expensive, complex new billing methodology, should be adopted.

Ivy's comments would go even further than the PD's approach on VNEM and NEMA. It argues in favor of a concept it calls "parcel netting" which it referred to in rebuttal testimony as "[a]nother idea for consideration" followed by scant description.²¹ That this idea was offered with insufficient detail is confirmed by Ivy's inclusion of a completely new 4-page appendix to its opening comments elaborating on the "parcel netting" concept.²² Ivy also presents extra record, unsourced solar cost data as evidence that compensation under the virtual NBT should be higher.²³ Both attempts at late testimony should be ignored. However, to the extent the Commission seeks to provide higher compensation to virtual NBT beneficiaries for any reason, it should do so through the transparent ACC+ mechanism, not novel and complex netting schemes.

VI. IMPLEMENTATION & OPERATIONAL ISSUES

A. A Single Tier 1 Advice Letter Should Be Used to File Tariffs

CALSSA recommends OP 13 be updated to require the Joint Utilities to file a Tier 2 advice letter with "actual tariff language."²⁴ CALSSA misunderstands the intent of the advice letter required by OP 13(b), recommending its purpose be clarified "to develop marketing materials/contracts."²⁵ The PD is clear: the purpose of the first Tier 1 advice letter in OP 13(b) is for the Joint Utilities to provide details of the NBT and the supplemental advice letter in OP 13(c) provides the rate factors. In Opening Comments, the Joint Utilities recommended these advice letters be consolidated into a single Tier 1 advice letter, to include both tariff details and rate factors, due 45 days from the Final Decision.²⁶ Whether that recommendation is accepted, the Joint Utilities intend

¹⁹ CALSSA, p. 10.

²⁰ Ivy, pp. 14-15.

²¹ Ex. Ivy-02, p. 12.

²² Ivy, Appendix A.

²³ Ivy, p. 12.

²⁴ CALSSA, p. 15.

²⁵ *Ibid.*

²⁶ Joint Utilities, p. 11.

to file “actual tariff language” in the Tier 1 advice letter called for in Step 1 of OP 13. The CPUC should reject CALSSA’s recommendation as it misunderstands the PD and would require an additional, and extraneous, advice letter filing and could lead to significant implementation delays.

B. A 30-Day Sunset Is Not Feasible To Implement

TURN recommends the 120-day sunset date for NEM be shortened to 30 days to minimize a “gold rush,” as solar installers aggressively market opportunities for customers to secure NEM 2.0.²⁷ The Joint Utilities appreciate TURN’s concern and proposal, but it likely is not possible for the Joint Utilities to implement a NEM sunset in less than 120 days. To begin accepting applications for the NBT, the Joint Utilities must have approved tariffs and updated interconnection forms, which will not occur until step 3, on or before 100 days from the Final Decision. While the Joint Utilities agree that all reasonable steps should be taken to reduce the cost shift, we recommend the Commission maintain the 120-day maximum sunset period as stated in the PD.

C. Modifications to NEM Rate Requirements and Legacy Period Can Be Implemented

As NEM 1.0 and 2.0 customers represent most of the cost shift for the foreseeable future, the Commission’s consideration of various party proposals can be effective in mitigating cost shift. Cal Advocates recommends that the Joint Utilities be required to immediately move NEM customers to electrification rates as required by the NBT and estimates that it would reduce the overall cost shift by 14%.²⁸ If so ordered, the Joint Utilities could implement this requirement but would require some time to develop a plan to do so given the large volume of customers that would be in scope for this change. If this recommendation is adopted the Joint Utilities recommend the Commission require the utilities to file individual Tier 2 advice letters within 90 days of the decision describing implementation details.

Separately Cal Advocates and TURN both recommend that systems enrolled in NEM tariffs be transitioned to the NBT upon sale or transfer by the original account holder.²⁹ The Joint Utilities could implement this recommendation provided that it is applied on a go-forward basis only and that the “original account holder” in this case is the customer who had possession of the NEM system at the time of the NEM program sunset defined by this proceeding.

VII. CONCLUSION

The Joint Utilities encourage the Commission to adopt the PD with the proposed modifications and clarifications described in our Opening Comments and these Reply Comments.

²⁷ TURN, pp 9-10.

²⁸ Cal Advocates, pp. 10-11.

²⁹ Cal Advocates, p. 13, TURN, p. 11.

Respectfully submitted on behalf of the Joint Utilities,
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