



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 16-01-044, and to Address Other
Issues Related to Net Metering.

Rulemaking 20-08-020

**COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON
FEBRUARY 28TH ADMINISTRATIVE LAW JUDGE'S RULING SOLICITING
RESPONSES TO RULING QUESTIONS**

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits its comments in response to the *Assigned Commissioner's Ruling Soliciting Responses to Ruling Questions* (Ruling) issued on February 28, 2023, within the Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs (Rulemaking 20-08-020). Cal Advocates provides responses to a subset of the questions and reserves the right to address all questions in reply comments.

A. Summary Recommendations to Questions

The California Public Utilities Commission (Commission) should align and consolidate distributed generation tariffs to the extent possible, to improve administrative efficiencies and support nimbler responses to necessary policy changes in the future. The Commission has facilitated the rapid rise in the number of customer-sited solar systems through multiple tariffs that compensate solar generation at retail rates. These retail rates, however, compensate owners for more than the value of these customer-sited solar systems to the grid.¹ Due to the magnitude of customer-sited solar deployment in California to date, the associated cost shift to non-adopters from NEM 2.0 alone is significant and was estimated by the Commission to be between \$1 to \$3.4 billion in 2021.² Based on estimates from SCE and PG&E, the total cost shift for VNEM and NEMA was on the order of \$270 million in 2022.³ To ensure more sustainable and equitable

¹ Decision 22-12-056 at 216 (FOF 94).

² Decision 22-12-056 (FOF 232).

³ Response to Cal Advocates data request of SCE received March 16, 2023.

SCE cost shift estimation methodology: "SCE extracted allocated VNEM and NEMA export kWh by benefiting accounts' customer classes. This is then compared to estimated generating VNEM and NEMA kWh, by customer class. For VNEM, allocated export kWh to residential class is assumed to have been proportionally provided by commercial and industrial customer classes, and any excess generation from commercial and industrial customer classes are assumed to be consumed on-site by that customer class. For NEMA, residential, industrial, and agricultural customers are assumed to receive the allocated benefiting kWh, while the residual kWh between allocated and estimated generation kWh is allocated to commercial. These kWh are then multiplied by a generic solar generation curve load weighted average retail energy rates by customer class. This results in the estimated cumulative annual compensation for VNEM and NEMA."

See also, Response to Cal Advocates data request of PG&E received March 20, 2023.

PG&E cost shift estimation methodology: "Average avoided retail rate based on NEM cost shift model used in testimony, with 2021 rates escalated to 2022 levels. B-10 and AG-B selected as they are the most commonly used rates for NEMA in those customer classes. Residential savings weighting between

(continued on next page)

solar growth, the Commission should update its suite of net energy metering tariffs to be more responsive to future grid needs, Commission priorities, and impacts on ratepayers.

Based on this general framework, Cal Advocates recommends the following:

- The Commission should acknowledge that issues in both the instant proceeding with respect to Virtual Net Energy Metering (VNEM) and Net Energy Metering Aggregation (NEMA) and the Green Access Program proceeding (GAP: A.22-05-022) are closely intertwined.
- The Commission should harmonize the scope, schedule, and outcome with the adopted GAP proceeding timeline, and delay action on making significant changes to the VNEM and NEMA tariffs until the GAP final decision is issued.
- The Commission should continue to support participation in the SOMAH program while aligning the SOMAH tariff with the net billing tariff (NBT).
- The Commission should close the Multifamily Affordable Solar Housing (MASH) tariff to new enrollees.
- The Commission should align behind-the-meter (BTM) solar and paired system compensation with Avoided Cost Calculator values.

B. Procedural Suggestions and Additional Questions Posed by Cal Advocates for Consideration in this Docket.

In accordance with D.22-12-056, this proceeding remains open to adjudicate certain remaining issues.⁴ With regards to VNEM and NEMA, the Commission found that the proceeding record did not, “contain a sufficient analysis of the VNEM and NEMA tariffs,”⁵ nor “any analysis of VNEM or the multifamily sector as a distinct customer class.”⁶ The Commission subsequently held a workshop on February 8, 2023 that offered a starting place for analyzing VNEM and NEMA.

NonCARE/CARE by % of all VNEM benefiting accounts on CARE. Capacity factors also the same used in the testimony model. Estimated generation is for full year, rather than actual estimated 2022 generation. NBCs based on class average in 2022. Avoided cost from 2022 ACC for modeled year 2022, with a solar only generation profile used to arrive at an average value. Assumes all generation is exported, which is valid for VNEM but less so for NEM-A, but that data is not available on a short timeframe."

⁴ Decision (D.) 22-12-056, *Decision Revising Net Energy Metering Tariff and Subtariffs*, Ordering Paragraph 13 at 245.

⁵ D. 22-12-056 at 183.

⁶ D.22-12-056 at 183-184.

Issues in the instant proceeding with respect to VNEM and NEMA and the Green Access Program proceeding (GAP) are closely intertwined.⁷ Green access programs, commonly known as community solar programs, were developed to expand “access to all eligible renewable energy resources to all ratepayers who are currently unable to access the benefits of onsite generation.”⁸ VNEM and NEMA also expand renewable energy access to ratepayers using various methods to address differences from typical NEM onsite generation. Thus, the issues in this instant proceeding and the GAP proceeding overlap. Therefore, the Commission should harmonize the scope, schedule, and outcome of this proceeding with the adopted GAP proceeding timeline.⁹

Procedural Suggestions

As a rule, ratemaking proceedings are required to conclude within an 18-month period.¹⁰ On August 25, 2022, the Commission extended the statutory deadline for this proceeding by one year until August 27, 2023.¹¹ More recently, ALJ Hymes issued a ruling scheduling a February 2023 workshop and dictating a timeline that has the PD being released 90 days after reply comments.¹²

⁷ Pursuant to Decision (D.) 18-06-027, the IOUs filed Applications on May 31, 2022, (Application (A.) 22-05-022) to facilitate the review of their Green Access Programs (GAP): Green Tariff Shared Renewables (GTSR) – which comprises the Green Tariff (GT) and Enhanced Community Renewable (ECR) sub-programs, Community Solar Green Tariff (CSGT), and Disadvantaged Community Green Tariff (DAC-GT) programs.

Application of Pacific Gas and Electric Company for Review of the Disadvantaged Communities Green Tariff, Community Solar Green Tariff and Green Tariff Shared Renewables Programs, A.22-05-022, Pacific Gas and Electric Company, May 31, 2022.

Application of San Diego Gas & Electric Company (U 902 E) to Review Green Access Programs Pursuant to Decisions 18-06-027 and 21-12-036, A.22-05-023, San Diego Gas & Electric Company, May 31, 2022.

Application of Southern California Edison Company (U 338-E) For Review of the Disadvantaged Communities-Green Tariff (DAC-GT), Community Solar Green Tariff (CSGT), and Green Tariff Shared Renewables (GTSR) Programs, A.22-05-024, Southern California Edison Company, May 31, 2022.

⁸ Pub. Util. Code § 2831(b) and (f): “onsite generation” refers to customer generation located on the customer premise including rooftop solar and other behind-the-meter generation.

⁹ A.22-05-022: Administrative Law Judge’s Ruling Revising Procedural Schedule, Feb. 23, 2023, at 3.

¹⁰ See, P.U. Code § 1701.5. See also, Cal. Code Reg., tit. 20, Division 1, Chapter 1, § 6.2 (Rule 6.2).

¹¹ Decision (D.) 22-08-043 at 4.

¹² See, Administrative Law Judge’s Ruling Providing Details on February 8, 2023, Workshop and Soliciting Responses to Ruling Questions (February 1, 2023), at 5.

Cal Advocates respectfully requests the Commission issue a revised proceeding schedule to align the timing of the issuance of any proposed decision in this proceeding after the issuance of the anticipated final decision in the GAP proceeding. This revised schedule will allow harmonization of the outcomes in both proceedings, as a GAP successor tariff can provide an option for customers seeking an alternative to onsite distributed generation.

Additional Questions

To streamline the process of review, Cal Advocates requests that parties consider the following questions in their reply comments:

- Do the issues for consideration in VNEM and NEMA sufficiently overlap with the issues in the GAP proceeding?
- Assembly Bill 2316¹³ requires the Commission to minimize impacts to customers who do not participate in a community renewable energy program by prohibiting such a program's costs from being paid by nonparticipating customers in excess of the avoided costs.¹⁴ Should the AB 2316 requirements be applied to VNEM in requiring that the Commission evaluate the programs, provide recommendations for improving the programs, and propose new programs to replace or supplement existing programs?¹⁵

II. VIRTUAL NET ENERGY METERING RULING QUESTIONS

A. Current VNEM Tariff Data

Question 1: Compared to a renewable electrical generation facility under the current net energy metering tariff, what are the unique quantifiable benefits, if any, of such a facility under the current VNEM tariff for the VNEM participant, the utility, and the electrical system?

VNEM offers no unique benefits to the electrical system or the utility in comparison to the current net energy metering tariff. For VNEM participants, the VNEM tariff allows accounts in multi-unit properties to receive utility bill credits based on investments in a co-located or nearby renewable energy facility. Both VNEM and the successor GAP tariff provide incentives to promote expansion of customer-sited generation. Importantly, the community solar tariff

¹³ Assembly Bill No. 2316, An act to add Sections 769.3 and 913.15 to the Public Utilities Code, relating to electricity, Approved by Governor September 16, 2022, Ward 2022.

¹⁴ Assembly Bill (AB) 2316, (Ward 2022). *Community Renewable Energy Program Act of 2022*, codified as Public Utilities Code Section 769.3(c)(3).

¹⁵ A. 22-05-022: Assigned Commissioner's Scoping Memo and Ruling, Dec. 2, 2022, at 3-4.

under development in the GAP proceeding¹⁶ will provide more benefits to the electrical system and the utility, given a requirement for paired storage.¹⁷ Community solar provides the additional benefit of allowing participants to subscribe to an amount of solar-generated output that matches their cumulative load independent of space constraints or property owner investment decisions. In the GAP proceeding, Cal Advocates recommends that the same rooftop solar and other system types typically associated with VNEM be allowed to participate in the successor GAP tariff to enable greater participation from the community. Additionally, community solar tariffs would allow a customer to move within the IOU service territory and retain their solar subscription, as opposed to VNEM where the allocation remains with the property.

The California Community Solar Alliance (CCSA) has proposed a Net Value Billing Tariff (NVBT) in the current GAP proceeding and in this proceeding.¹⁸ The Utility Reform Network (TURN), Solar Energy Industry Association (SEIA), and Cal Advocates support CCSA's proposal with modifications.¹⁹ Key NVBT provisions were modeled after the state of New York's Value of Distributed Energy Resources (VDER) tariff, including similar structures in avoided costs, consumer protections, and net credit billing.

The NVBT proposal aligns with the six requirements for a new community renewable energy program mandated by statute²⁰ relating to California's Title 24 regulations, minimum required low-income customer capacity, minimized nonparticipant impacts, prevailing wage requirements, avoided costs, and leveraging state and federal incentives.²¹ Notably, the NVBT is composed of an export credit rate based on the Avoided Cost Calculator consistent with AB

¹⁶ Application (A.) 22-05-022, et al.

¹⁷ CCSA. Prepared Direct Testimony of Robert Brandon Smithwood on behalf of the Coalition for Community Solar Access, A.22-05-022 et al, January 20, 2023, at 51.

¹⁸ CCSA. Proposal of the Coalition for Community Solar Access to Establish a Net Value Billing Tariff. Filed August 27, 2020.

¹⁹ TURN, Direct Testimony of The Utility Reform Network Addressing Proposals for New Community Renewable Energy Programs and Evaluations of Existing Green Access Programs, A.22-05-022 et al, January 20, 2023. See also, SEIA, Prepared Direct Testimony of R. Thomas Beach on Behalf of the Solar Energy Industries Association, A.22-05-022 et al, January 20, 2023.

²⁰ Public Utilities Code 769.3(c).

²¹ Prepared Direct Testimony of Robert Brandon Smithwood on behalf of the Coalition for Community Solar Access, January 20, 2023, at 70 – 91.

2316. This feature could effectively eliminate the cost shift to nonparticipating customers, less administrative costs, and would have fewer ratepayer impacts compared to the current VNEM tariff. Both CCSA and TURN propose to lock in the avoided costs used in the export credit for a predetermined number of years to ensure revenue stability. To measure project viability, CCSA uses the Cost of Renewable Energy Spreadsheet Tool (CREST) as a proxy for determining the financial viability of a 5 MW_{AC} single-axis tracking project CCSA that is paired with a four-hour duration battery with varying interconnection costs, tariff terms, and IOUs.²² CCSA determines a proxy project as financeable and viable if it successfully meets revenue and incentive requirements.²³

The GAP successor tariff offers numerous advantages, including potential customers served and lower associated cost shifts to nonparticipants, over VNEM and may better serve ratepayers and the Commission's climate and energy goals. For this reason, the Commission should delay a decision on the need to update the VNEM program until after a GAP successor tariff has been approved.

Question 2: Compared to a renewable electrical generation facility under the current net energy metering tariff, what are the unique quantifiable costs of such a facility under the current VNEM tariff for the VNEM participant, the utility, the electrical system, and all ratepayers?

VNEM creates a cost burden on non-adopting customers by compensating customers at retail rates. Southern California Edison (SCE) and Pacific Gas and Electric (PG&E) estimate the 2022 annual cost shift from 6,273 VNEM customers in their service territories to be approximately \$26 million.²⁴ Although the VNEM contribution to the cost shift is currently small compared to the legacy NEM 1.0 and 2.0 tariffs, it creates a cost shift in the same manner as the now closed tariffs: "The bypassed infrastructure and other service costs embedded in volumetric rates by NEM 2.0 participants ... are shifted to non-participant ratepayers."²⁵ While

²² Prepared Direct Testimony of Jim Kennerly on behalf of the Coalition for Community Solar Access, January 20, 2023, at 22 and 31-32.

²³ *Id.* At 21-22.

²⁴ Response to Cal Advocates data request of SCE received March 16, 2023. See also, Response to Cal Advocates data request of PG&E received March 20, 2023.

²⁵ D.22-12-056, at 208.

many VNEM systems do not directly offset behind-the-meter (BTM) loads, all VNEM customers bypass costs through the virtual netting construct.²⁶

The Commission should apply the same reasoning it used to phase out the NEM 2.0 tariff to the VNEM tariff. In Decision (D.) 22-12-056, the Commission found that “continuing to base retail export compensation rates on retail import rates conflicts with the guiding principles.”²⁷ The cost shift associated with NEM 2.0 grew from a negligible amount a decade ago to an estimated \$4.6 billion in 2022.²⁸ Drawing from this experience, the Commission should not defer changes to VNEM based on the comparatively small cost shift from the existing tariff relative to those created by NEM 2.0 systems. Between 2019 and 2023, non-MASH VNEM has grown nearly 300% in installed megawatts.²⁹ Future growth and associated cost shifts are reasonable to expect as solar module prices fall and retail rates rise. Capital markets and solar developers would also likely commit more resources to building VNEM projects if the Commission maintains more generous VNEM terms relative to the NBT and associated tariffs. Since enrolled capacity in the VNEM tariff is poised to grow in the coming years, the associated cost shift would also grow if the tariffs remain unchanged.

Furthermore, VNEM systems have more complicated billing structures, which lead to higher associated administrative costs that are ultimately funded by ratepayers.

Successor to the VNEM Tariff

Question 4: Is a “virtual” billing arrangement the best way to comply with the guiding principles of this proceeding with regard to tenants of multi-meter properties? Describe the policy and/or technical reasons behind each of your answers to a) through e).

No, virtual billing under the current NEM construct is not the best way to comply with the Commission’s guiding principles. See further discussion below.

If no, are there rate schedules or other rate products that could be used instead of a VNEM successor tariff? What are the quantifiable costs and benefits of your proposed alternative? How do the quantifiable costs and benefits of your proposed alternative compare to those of the current VNEM tariff?

²⁶ D.22-12-056, at 186.

²⁷ D.22-12-056, at 105.

²⁸ Opening Comments of the Public Advocates Office to Proposed Decision (November 30, 2023) at 8.

²⁹ Ivy Energy at the CPUC Workshop on [VNEM] and [NEMA] as part of Rulemaking 20-08-020. See https://www.youtube.com/watch?v=WlyfkD8_e4Y at time 28:13 to 28:22.

The following alternatives could be used instead of a VNEM successor tariff:

- **Green Access Program.** The Commission should consider the community solar tariff being actively developed in the GAP proceeding, as an alternative to the VNEM tariff. The successor GAP will provide consumers with bill credits from avoided cost-based revenues in proportion to the size of the consumer’s subscription to a GAP project.³⁰ The same billing and finance model construct could also be applied to building-scale rooftop systems currently associated with virtual net energy metering tariffs. Another benefit of the community solar model is that customers have more autonomy over their access to solar energy. Under VNEM, the decision for a building and its tenants to go solar relies on the property owner or manager. Furthermore, customers on VNEM have their portion of the solar generation allocated for them. Under a GAP community solar tariff, customers would be able to subscribe regardless of their property owner’s decisions and to the amount that suits them. Furthermore, GAP community solar tariffs would allow a customer to move within the IOU service territory and retain their community solar subscription, as opposed to VNEM where the allocation remains with the property and not the customer.
- **Solar on Multifamily Affordable Housing.** The Commission should consider Solar on Multifamily Affordable Housing (SOMAH) as an alternative to VNEM for qualifying properties and tenants. Many low-income multifamily apartments and multi-unit properties³¹ can already receive more favorable terms than general VNEM through the undersubscribed³² SOMAH program and associated tariff. In fact, SOMAH was recently updated to significantly improve financial terms³³ and reduce administrative burdens³⁴ for prospective applicants. The SOMAH program is also statutorily mandated through 2030 at up to \$100 million per year, which provides long-term certainty for interested applicants. This timeline aligns well with the five-year evaluation of the NBT currently scheduled for 2028. Cal Advocates provides additional details on SOMAH in its responses in Question 13.

Maintaining or updating the current VNEM tariff, rather than phasing it out, will increase costs on nonparticipating customers. Updating the VNEM and NEMA tariffs will add to the

³⁰ Pub. Util. Code § 769.3(c)(3).

³¹ <https://calsomah.org/program-overview-requirements>.

³² Proposed Decision Modifying Incentives and Eliminating Incentive Step-down Methodology for the Solar on Multifamily Affordable Housing Program, February 9, 2023, at 8.

³³ Proposed Decision Modifying Incentives and Eliminating Incentive Step-down Methodology for the Solar on Multifamily Affordable Housing Program, February 9, 2023, at 7-8.

³⁴ Energy Division Approval of the Center for Sustainable Energy Advice Letter 138- E-A “Proposed Substantive and Minor Revisions to the Solar on Multifamily Affordable Housing (SOMAH) Program Handbook” 6th Edition, March 6, 2023.

growing list of customer-sited tariffs including NEM 1.0, NEM 2.0, VNEM 1.0, VNEM 2.0, NEMA 1.0, NEMA 2.0, MASH, Solar on Multifamily Affordable Housing (SOMAH), and the recently adopted NBT. Each different tariff schedule and generation of tariffs has their own eligibility requirements and rules, as shown in a representative summary table below.

Table 1. Current Net Energy Metering Tariffs by Select Terms

	Net Billing Tariff	VNEM 2.0	SOMAH/MASH	NEMA 2.0
Export Rates	Avoided Cost Calculator (ACC) Plus to decline by 20% annually	Full retail based on Otherwise Applicable Tariff (OAT)	Full retail based on OAT	Full retail based on OAT
Lock-in Period	9 years	5 years for Time-Of-Use (TOU) OAT prior to TOU default/20 years for allocation 9 years for customers applying after NEM 2.0 sunset	5 years for TOU OAT prior to TOU default/20 years for allocation	5 years for TOU OAT prior to TOU default/20 years for allocation 9 years for customers applying after NEM 2.0 sunset
Netting	None	Per TOU period	Per TOU period or tier	Per TOU period
Rate Requirement	Highly differentiated TOU	Any TOU	Only MASH requires TOU – SOMAH is open to any rate schedule	Any TOU
Billing Cost Responsibility	Ratepayers/ Electric Service Providers	Ratepayers/ Electric Service Providers	Ratepayers/ Electric Service Providers	Customer
Sizing Requirements	Up to 150% of load, with customer attestation for projected use that meets the excess 50%	Up to 100% of load	Up to 100% of load	Up to 100% of load

The Commission should align and consolidate net energy metering tariffs to support nimbler changes in the future that may be necessary to improve the cost effectiveness of BTM solar programs and reduce the growing cost shift on non-participating customers. The differences among the existing suite of tariffs are already significant. For example, the Commission did not address VNEM (or NEMA) because “the record in this proceeding does not contain a sufficient analysis”³⁵ after 3 years of active deliberation and several millions of dollars³⁶ spent analyzing NEM 2.0. The current iterations of VNEM and NEMA are closely tied to the NEM 2.0 construct, along with SOMAH and MASH. If additional updates are made to align with the NBT and/or a successor to the NBT, understanding each tariff and managing different vintages will become increasingly difficult. The policy lag between the identification of problems, new Commission decisions and implemented solutions by the IOUs is likely to take several years. During this time, ratepayers will face significant costs given the magnitude of the cost shifts associated with BTM solar tariffs.

Also, the Commission should also improve administrative efficiencies by reducing the number of tariffs it and the IOUs must manage. Ratepayers would not fund associated customer service, billing, and other costs necessary to maintain the program. If VNEM (and NEMA) are allowed to remain open in their current or amended forms, they will require special evaluation and administrative oversight from all stakeholders. In turn, this will result in direct costs to update the tariff such as specialized evaluations, workshops, and rulemakings.

Question 5: How do your answers to question 4 comport with the guiding principles of this proceeding, including the requirements of statute and California’s climate objectives as addressed in D.22-12-056? Are there other equity considerations to recommend beyond these?

The guiding principles and statutory requirements aim to improve equity, transparency, and the state’s clean energy progress.³⁷

- **“A successor to the net energy metering tariff should ensure equity among customers.”**³⁸ The financial burden created by VNEM program enrollees on non-participants is not equitable and conflicts with this guiding principle. The Commission recognized that the “significant cost shift” created

³⁵ D. 22-12-056, at 228.

³⁶ D.18-09-044 at 42.

³⁷ D. 22-12-056 at 13.

³⁸ D.21-02-007 at 45, 46, Guiding principle (b).

by NEM 2.0 needed to be addressed and that it was a primary reason the Commission decided to close the NEM 2.0 tariff. The Commission should apply the same reasoning to consider phasing out the general VNEM tariff. Given the “tremendous growth” VNEM has recently experienced,³⁹ it is likely that the number of customers that take service on VNEM tariffs will continue to increase in the coming years and create additional cost burdens on non-participants without commensurate value if left unchecked.

In furtherance of its equity principle,⁴⁰ the Commission should also ensure the VNEM successor provides ample opportunity for low-income customer participation. Consolidating the VNEM program into the successor GAP advances this principles because it must have, at minimum, 51% of capacity dedicated to low-income customers.⁴¹ This is a significant improvement over the existing VNEM program which does not have any low-income specific requirements outside of the SOMAH program. Given the 51% capacity requirement, the successor GAP will ensure more equitable access to distributed renewable resources for low-income customers.

- **“A successor to the net energy metering tariff should be transparent and understandable to all customers and should be uniform[...].”⁴²**
Standardizing and consolidating the number of tariffs will make it easier for customers to understand and manage their bills. Additionally, by reducing the number of tariffs, more frequent updates from both utilities and the Commission on the scope and nature of the VNEM cost shift will be feasible. For example, the cost shift could be more readily reported through utility NEM advice letters, the Commission’s SB 596 report to the legislature on utility affordability, or through regular Energy Division evaluations. Consolidation will also reduce the number of necessary administrative changes, such as updates to billing systems to build new crediting mechanisms, which otherwise could create compounding delays in implementation and timely billing.⁴³
- **“A successor to the net energy metering tariff should be coordinated with the Commission and California’s energy policies[...].”⁴⁴** Reducing the cost

³⁹ Ivy Energy at the CPUC Workshop on [VNEM] and [NEMA] as part of Rulemaking 20-08-020. See https://www.youtube.com/watch?v=WlyfkD8_e4Y at time 29:12.

⁴⁰ D.21-02-007 at 45, 46, Guiding principle (b).

⁴¹ Pub. Util. Code § 769.3(c)(2).

⁴² D.21-02-007 at 45, 46, Guiding principle (f).

⁴³ It is notable that delays in utility billing system upgrades have resulted in significant delays in participating customers receiving bill credits under New York State’s distributed generation program. See “PSC Demands Improvements to Utility Billing and Crediting Processes for Community Distributed Generation,” accessed March 7, 2023, at <https://dps.ny.gov/system/files/documents/2022/10/psc-demands-improvements-to-utility-billing-and-crediting-processes-for-community-distributed-generation.pdf>.

⁴⁴ D.21-02-007 at 45, 46, Guiding principle (e).

shift associated with net energy metering tariffs is consistent with advancing the State's clean energy and climate goals. Meeting these goals requires substantial renewable energy generation and affordable electricity rates to accelerate decarbonization through electrification. Net energy metering has facilitated sizable growth of renewable energy but at high costs to non-adopting customers across California. Since VNEM is not statutorily required, the Commission can balance both of these demands by consolidating VNEM with the successor GAP and adjusting the VNEM tariff export compensation away from retail rates.

B. VNEM Successor Tariff Components

Question 6: If the successor to VNEM involves onsite energy generation, describe whether and, if applicable, how the compensation provided for exported energy should differ from that adopted in D.22-12-056 for the Net Billing tariff.

As stated above, the Commission should await the outcome of the GAP proceeding as it could provide a noteworthy alternative to general VNEM that facilitates great customer control and participation. As a general principle, Cal Advocates supports solar and paired storage export compensation rates based on Avoided Cost Calculator values or the relevant wholesale energy price. The tariffs that result from the GAP proceeding would achieve this compensation structure while also allowing broad participation in solar energy for customers that cannot install their own BTM solar.⁴⁵

Question 9: Parties discussed the proposed net billing tariff glide path in comments to the November 10, 2022, proposed decision. Should the Commission adopt a successor to the VNEM tariff that includes a glide path for all tariff participants or only income qualified participants? On what basis should the Commission make this determination?

The Commission should not include a glidepath if it awaits the outcome of the GAP proceeding and ultimately finds that it is appropriate to close the general VNEM tariff. The general VNEM tariff should adopt a Sunset Period indexed to the amount of time it will take utilities to implement the GAP final decision, consistent with the Commission's decision to include a NEM 2.0 Sunset Period. The transition period will allow interested customers to access the existing VNEM tariff and minimize impacts on the solar industry. The Commission should direct interested, qualified property owners to explore enrollment in SOMAH.

⁴⁵ CCSA, Prepared Direct Testimony of Robert Brandon Smithwood on behalf of the Coalition for Community Solar Access, A.22-05-022 et al, January 20, 2023, at 50.

Question 11: After permission to operate is granted, property owners are able to verify that tenants are being properly credited as they receive information on the generated credits allocated but property owners lack access to the consumption data that would inform them of the net benefits of their systems. What is a fair and timely process for generating account customers to access a confidential generator/benefiting account report to assess the net benefits of their systems, and if there are existing processes, is there any need for standardization across utilities?

The Commission should ensure that benefitting account customers receive the appropriate credits as soon as they subscribe to a program. Adoption of a GAP successor tariff instead of a VNEM would obviate the need for property owners to obtain consumption data for their tenants, as tenants could directly enroll in the program.

Question 12: What fees should be charged for interconnection, billing, and/or other costs associated with successor tariff arrangements? Resolution E-4881 adopted many key elements for VNEM tariff implementation, such as set-up fees, allocation of unused credits, changes to billing arrangements, etc. Specify in your response if any of these requirements should be modified or omitted?

Any fees associated with renewable distributed generation tariffs should be consistent with those determined in the GAP proceeding.

Question 13: What new or revised tariff elements would best enable a VNEM successor system with storage to provide grid benefits, bill benefits for tenant accounts, and/or resiliency in case of an outage? Should this apply to the MASH and SOMAH VNEM tariffs?

As previously stated, Cal Advocates supports aligning export compensation for distributed energy to the terms of the NBT or the relevant wholesale energy price. Cal Advocates also does not support ratepayers compensating net energy metered systems for resiliency attributes that do not provide benefits to parties beyond the system owner. In the NBT Decision (D.22-12-056), the Commission declined to integrate avoided reliability and resiliency costs into the NBT compensation.⁴⁶ It found that BTM solar did not result in “avoided reliability and resiliency costs did not show any deferred or avoided costs to utility ratepayers but indicated ratepayers using these technologies receive additional participant benefits.”⁴⁷

The Commission should prioritize targeted upfront incentives over ongoing subsidized tariffs, to the extent it wishes to improve distributed energy resource uptake from low-income customers or other demographics. Therefore, the SOMAH tariff should align with the NBT,

⁴⁶ D. 22-12-056, at 211.

⁴⁷ D. 22-12-056, at 211.

including its use of the Avoided Cost Calculator for export compensation and the modified ACC Plus adder for Low-income Households. More closely aligning export compensation with generation value will mitigate the cost shifts that would continue if SOMAH were to remain as a retail-compensated tariff. The reduction in generation value will be partially offset by the recently approved upfront capacity incentive increases for SOMAH projects.

Cal Advocates notes that the MASH tariff is still open for enrollment although the MASH program is no longer accepting new applications.⁴⁸ To maximize consolidation and reduce consumer confusion, the Commission should close the MASH tariff to new enrollees.

III. RESPONSE TO NET ENERGY METERING AGGREGATION (NEMA) QUESTIONS

A. General NEMA Questions

Question 15: Compared to a renewable electrical generation facility under the current net energy metering tariff, what are the unique quantifiable benefits, if any, of such a facility under the current NEMA subtariff to the NEMA participant, the utility, and the electrical system and all ratepayers? What unique quantifiable non-participant benefits, if any: a) do customer-sited renewables in regions with low population density have relative to those in high population density areas and b) does allowing aggregation of customer generators provide?

There are no benefits to the electrical system or the utility that can be uniquely attributed to NEMA in comparison to the current net energy metering tariff. The NEMA tariff allows participants to use generation from a single renewable energy facility to receive credits on utility bill payments in geographically contiguous property accounts; this benefit can be similarly realized through a GAP successor tariff.

Cal Advocates further notes that section 2827(h)(4)(E) of the Public Utilities Code conditions the availability of NEMA on the requirement that, “load aggregation will not cause an incremental rate impact on the utility’s customers that are not eligible customer-generators[.]” Since the Commission has already determined that both NEM and, to a lesser extent, NBT cause a cost shift onto non-participating customers, NEMA (which is currently based on NEM 2.0)

⁴⁸ SCE at the CPUC Workshop on [VNEM] and [NEMA] as part of Rulemaking 20-08-020. See https://www.youtube.com/watch?v=WlyfkD8_e4Y at time 16:21 to 16:36.

should not be permitted to continue. Indeed, SCE and PG&E estimate NEMA created an approximate \$245 million cost shift in their service territories in 2022.⁴⁹

Question 19: Should demand response or energy efficiency measures be added for NEMA service eligibility or as an alternative to NEMA?

Demand response or energy efficiency measures should not be added for NEMA service eligibility or as an alternative to NEMA. These programs should be evaluated based on their own cost-effectiveness tests and goals.

IV. CONCLUSION

Cal Advocates respectfully requests that the Commission consider the comments and recommendations contained herein.

Respectfully submitted,

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⁴⁹ Response to Cal Advocates data request of SCE received March 16, 2023. See also, Response to Cal Advocates data request of PG&E received March 20, 2023.