

**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
D.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 PROPOSED DECISION OF ALJ HYMES
ADDRESSING REMAINING PROCEEDING ISSUES**

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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 PROPOSED DECISION OF ALJ HYMES ADDRESSING REMAINING PROCEEDING ISSUES

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Southern California Edison Company (“SCE”), Pacific Gas and Electric Company (“PG&E”), and San Diego Gas and Electric Company (“SDG&E”) (collectively, the “Joint IOUs”), submit these reply comments on the *Proposed Decision Addressing Remaining Proceeding Issues* dated August 2, 2023 (“PD”).¹ Parties opposed to major portions of the PD appear to repeat arguments made throughout this proceeding. The Joint IOUs therefore do not attempt to reply to every contention in comments with which they disagree but focus here on a few important items.

I. ACC PLUS VALUES DO NOT ACCURATELY ACCOUNT FOR THE FEDERAL ITC

California Solar & Storage Association (“CALSSA”) incorrectly claims the PD’s ACC Plus values assumed a \$2.3/W cost;² however, the spreadsheet calculating the adders³ reflects use of the same cost that the Commission adopted in D.22-12-056 for smaller residential systems (\$3.3/W) despite that larger systems are likely to have lower capital costs due to economies of scale. After further review of the spreadsheet, the Joint IOUs have confirmed that the ACC Plus values in the PD effectively assume that NBT-V systems do not receive the federal investment tax credit (“ITC”). Correcting for the omission of the ITC, the actual payback provided by the PD’s values would be

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

² CALSSA p. 10. Opening PD comments are cited as: [party name(s) or nickname(s)], [page number(s)].

³ By email dated August 18, 2023, Energy Division forwarded to the service list a link to an Excel workbook for the derivation of the August 2, 2023 PD’s residential adders for the virtual net energy billing tariff. The adders were calculated from the same analysis that supported D.22-12-056. The discussion in this section is based on analysis of the spreadsheet from the Excel workbook forwarded by Energy Division.

6.3. To achieve the stated nine year payback target, the initial ACC Plus values should be reduced to \$0.094/kWh, \$0.076/kWh, and \$0.075/kWh for PG&E, SDG&E, and SCE, respectively. Even the corrected ACC Plus values will likely provide faster payback times than expected due to the use of capital costs identical to those used for smaller standard residential systems, as noted above.

II. THE PD CORRECTLY REJECTS PROPERTY-LEVEL NETTING

Several parties state that the PD errs in not adopting a property-level netting scheme,⁴ claiming that VNEM customers consume their self-generated energy onsite and that failure to adopt property level netting will result in a non-viable tariff. Some parties even erroneously claim that property-level netting already exists and should be maintained.⁵ As previously discussed by the Joint IOUs, these arguments are incorrect.⁶ Parties propose property level netting in order to partially retain retail rate-based compensation. The PD appropriately recognizes that the Commission has already determined what is an export for the purposes of the NBT: what is metered, without any netting of consumption against production.⁷

Complaints that property-level netting is needed to provide fair compensation and support the market are erroneous. As stated previously, the ACC is more than fair compensation for energy, as it pays what the Commission has determined that generation from NEM eligible systems is worth throughout this proceeding. Claims making distinctions between metered exports and what is physically exported past some arbitrary threshold in the electrical system are red herrings that the Commission has correctly ignored to date. The ACC already implicitly assumes no generation is exported; ACC based rates thus overcompensate “physical exports” (albeit only slightly) to the extent they occur.⁸

If the Commission chooses to provide additional compensation to improve the value proposition for these types of installations, it should do so by increasing the compensation in the ACC Plus adder. The ACC Plus adder is transparent and can be decreased over time, in contrast to an illogical and convoluted property level netting scheme that retains retail rate compensation and

⁴ Vote Solar, Sierra Club, Grid Alternatives, and 350 Bay Area, pp. 1-2, Ivy Energy, pp. 1-2, SEIA, pp. 3-8, SBUA, p. 4.

⁵ SBUA, p. 4, Ivy Energy, p.2, Center for Biological Diversity/Protect Our Communities, p. 2. Currently under NEM 2.0 tariffs, VNEM/NEM-A benefiting accounts are billed for NBTs based on individually metered usage, and receive bill credits based on metered exports.

⁶ See generally, Joint IOU Reply Comments to ALJ’s February 28, 2023 Ruling (March 3, 2023).

⁷ *Id.* at pp. 5-6.

⁸ The ACC was originally developed to primarily evaluate Energy Efficiency, which by definition cannot export.

perpetuates the cost shift. However, the PD correctly rejects any ACC Plus adders for NBT-A beyond those already authorized for residential NBT customers in D.22-12-056.

III. THE RECORD CLEARLY SHOWS THAT NEM-A RESULTS IN COST SHIFTING

The Agricultural Energy Consumers Association (“AECA”) and California Farm Bureau Federation (“CFBF”) claim at length that there is no independent evidence that NEMA results in a cost shift.⁹ This is plainly false - the NEM 2.0 Lookback Study finds that all NEM 2.0 fails the RIM test for all customer classes, including agricultural customers.¹⁰ This analysis used the now two versions out of date 2020 ACC, which has been acknowledged as a high outlier in terms of solar avoided costs.¹¹ More recent analysis that uses the 2021 and 2022 versions of the ACC make clear that the cost shift is even more significant, and that standalone solar systems do not pass the TRC test.¹² Further, the only cost-of-service study approved by the Commission to specifically look at agricultural NEM customers found that they do not pay their cost of service.¹³

The PD rejected AECA/CFBF claims (made without any evidence) that the quantity of excess generation ineligible for net surplus compensation under the current NEMA tariff is significant enough to alter the directional outcome of the RIM test.¹⁴ AECA/CFBF's comments repeat this assertion, but fail to cite any record evidence in support. The PD's rejection of AECA/CFBF's unsubstantiated claims is reasonable and appropriate.

IV. ANY ADDITIONAL RESILIENCY DESIGNS BELONG IN R.19-09-009

The Joint IOUs disagree with Sunrun's proposal to amend findings of fact 63 and 64 and the addition of a new finding of fact related to VNEM and resiliency. Finding of fact 63 is accurate. Finding of fact 64 correctly describes the parameters for designs enabling resiliency within VNEM arrangements, i.e., any operation in isolation that does not transmit load through customer meters and complies with all safety and related standards. This design was originally submitted by Sunrun. Other proposed designs for resiliency that Sunrun contends the Commission should allow include isolating multiple customers from the distribution grid and transmitting energy through utility-owned equipment. These designs would comprise a multi-customer microgrid, raising issues of power quality control, billing, and other concerns that are addressed today in PG&E's Community

⁹ AECA/CFBF, pp. 9-13.

¹⁰ NEM 2.0 Lookback Study, Table 1-3, p. 6..

¹¹ D.22-12-056, Finding of Fact 100.

¹² R.20-08-020, Ex. IOU-02, p. 111, Figure VI-12; D.22-12-056, Appendix B, p. B5.

¹³ Joint IOU Reply Comments (April 4, 2023) p. 19-20.

¹⁴ PD, p. 70.

Microgrid Enablement Tariff (“CMET”)¹⁵ and are under further consideration in Track 5 of the Microgrids and Resiliency Strategies Proceeding, which is considering whether the CMET should be a model for a statewide multi-property microgrid tariff.¹⁶ Additional details needed to enable this kind of arrangement should be considered in that proceeding.

V. A NEW PHASE SHOULD NOT BE INITIATED FOR THE NEMFC TARIFF

Bloom Energy asserts that the Commission should initiate a new phase of this proceeding to develop a successor to the NEMFC tariff.¹⁷ The Joint IOUs disagree. Fuel cells meeting the requirements of an “eligible customer-generator” under Pub. Util. Code § 2827.1 can take service on the new NBT and potentially other tariffs available to renewable distributed energy resources. If a fuel cell does not qualify for the NBT or other such tariffs, it can still be utilized to offset onsite load at the retail rate by operating on an applicable Rule 21 tariff; however, it should not receive incentives intended for renewable resources.

The Joint IOUs agree with Bloom Energy that if fuel cells fail to comply with emission standards, they should be eligible to be transitioned to any applicable tariff, not limited to Rule 21 non-export.

The Joint IOUs also agree with Sierra Club’s suggestion to make fuel cell performance data available to the public to better enable informed policy decisions in the future; however, the Joint IOUs disagree that this data should be collected monthly by the IOUs. This data could be shared annually by the Performance Data Providers and be reported to Commission for public access.

VI. JOINT CCAS’ BILL PRESENTATION RECOMMENDATIONS ARE NOT SPECIFIC TO NBT CUSTOMERS

The Joint CCAs recommend specific items that should be included in the PD’s ordered review of bill presentation for the Net Billing Tariff, stating that unbundled NEM 1 and 2 customers do not have a full accounting of energy usage alongside charges and credits.¹⁸ This issue is not relevant to the PD. The PD’s requirement for a bill presentation review is explicitly specific to NBT customers, stating “[T]he Commission acknowledges that the focus of any billing improvement effort should be on customers of the net billing tariff.”¹⁹

¹⁵ [ELEC SCHEDULES E-CMET.pdf \(pge.com\)](#). See, *Administrative Law Judge’s Ruling Ordering ... [PG&E, SCE, and SDG&E] to Draft a Microgrid Multi-Property Tariff* (R.19-09-009, August 8, 2023), directs each of the IOUs to draft such a tariff based on PG&E’s CMET.

¹⁶ *Assigned Commissioner’s Scoping Memo and Ruling* (R.19-09-009, July 18, 2023), p. 6.

¹⁷ Bloom Energy, pp. 3-4.

¹⁸ Joint CCAs, pp. 3-4.

¹⁹ PD, p. 91.

Contrary to the Joint CCAs' assertion,²⁰ the PD's two-phase process, which requires the IOUs to solicit stakeholder feedback through regional public workshops and work with Energy Division to implement recommended changes,²¹ is adequate to address bill presentation issues. As the Joint CCAs state, the CCAs and IOUs have a long history of working collaboratively to address mutual customer concerns regarding messaging and billing during the rollout of new initiatives.²² Therefore, there is no need to keep this proceeding open.

VII. A PREVAILING WAGE DISCLOSURE IN THE INTERCONNECTION APPLICATION IS UNNECESSARY

CALSSA suggests the Prevailing Wage Disclosure should be included in the Interconnection Application to simplify the implementation of Pub. Util. Code § 769.2.²³ The Joint IOUs acknowledge the importance of disclosing to customers the prevailing wage requirements and the consequences of their contractors' failure to comply. However, for the reasons explained in Joint IOUs' comments earlier in this proceeding,²⁴ incorporating the disclosure into the Interconnection Application is unnecessary and overly complicates the interconnection forms. Instead, the Prevailing Wage Disclosure should be incorporated into a standalone document akin to the Solar Consumer Protection guide created and maintained by the Commission.

Respectfully submitted on behalf of the Joint Utilities,

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²⁰ Joint CCAs, p. 4.

²¹ PD, p. 90-93.

²² Joint CCAs, p. 4.

²³ CALSSA, pp. 14-15.

²⁴ Joint IOUs' Reply to Administrative Law Judge's Ruling Seeking Comment on Assembly Bill 2143 (May 4, 2023), pp. 2-4.