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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) for Review of the Disadvantaged Communities – Green Tariff, Community Solar Green Tariff and Green Tariff Shared Renewables Programs.	Application No. 22-05-022 (Filed May 31, 2022)
And Related Matters.	Application No. 22-05-023 Application No. 22-05-024

REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO THE PROPOSED DECISION MODIFYING GREEN ACCESS PROGRAM TARIFFS AND ADOPTING A COMMUNITY RENEWABLE ENERGY PROGRAM

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I. INTRODUCTION

Pursuant to Rule 14.3(d), Pacific Gas and Electric Company ("PG&E") provides these reply comments to the Proposed Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program ("PD").

II. DISCUSSION

A. The PD correctly assesses the NVBT's legal failings and proposes an alternative that addresses those shortcomings.

Arguments that Pub. Util. C. § 769.3(c)(5) compels the Commission to compensate community solar (CS) resources based on the ACC must be rejected.[1] AB 2316 and § 769.3(c)(3) prohibit a CS program's costs from being paid by nonparticipating customers in excess of avoided costs.[2] The PD's finding that adopting any form of NVBT would result in ratepayers paying more than the avoided cost for NVBT resources is well supported[3] reflecting that "NVBT resources do not avoid transmission, distribution, and capacity cost categories in the" ACC.[4] Claims that NVBT projects would avoid costs included in the ACC ignore the complexity of grid planning and the significant differences between behind-the-meter and front of the meter (IFOM) resources. No evidence was presented as to how NVBT resources might avoid transmission or distribution, which would require a detailed power flow analysis;[5] rather, it was just assumed the ACC should be applicable. Additionally, no evidence was presented that NVBT resources *would definitively* be treated as RA or as load modifiers by the CAISO or CEC.[6]

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[1] SEIA, pp. 4-9; TURN, pp. 8, 10; Cypress Creek, pp. 13-14. (All references to parties refer to Opening Comments on the PD, unless otherwise indicated.)

[2] AB 2316, Section 1(a); Public Utilities Code § 769.3(c)(3).

[3] *See* Cal Advocates Comments on 6/23/23 ALJ Ruling (7/31/23), p. 19 ("projects that are not located close to the customers they serve also cannot realize the avoided T&D costs in the ACC"); Joint CCAs Comments on 6/23/23 ALJ Ruling (7/31/23), p. 11 ("avoided-cost benefits captured by the Transmission and Distribution adders in the ACC do not actually materialize for FOM resources"); TURN Comments on 6/23/23 ALJ Ruling (7/31/23), p. 3 ("Generation capacity value under the ACC *should only be provided*…if output from the NVBT project *is considered a load modifier*") (emphasis added); SCE Reply Comments on 6/23/23 ALJ Ruling (filed 8/10/23), pp. 15-25; PG&E Reply Comments on 6/23/23 ALJ Ruling (8/10/23), pp. 2-6.

[4] PD, p. 102.

[5] Per CAISO: "Projects outside the CAISO market are not visible to the CAISO and can export energy, impacting flows on the distribution and transmission systems. This backfeed can disrupt CAISO real-time operations, demand forecasting, and market outcomes, and the impact of these issues correlate with the size of the underlying generation. These effects can be particularly challenging if projects are not sized to load or are not designed to serve onsite load and regularly export." CAISO Comments (11/27/23), p. 5.

[6] CAISO described what would be required for such treatment, but did not indicate these requirements would be met by IFOM resources. For example, CAISO explained RA resources "have obligations to offer their RA capacity into the CAISO market, and are subject to CAISO RA rules including bid

Further, while PG&E agrees with parties that a CS program compliant with Title 24 is critical for affordability reasons,[7] the NVBT is not a viable solution. NVBT only works if the Load-Serving Entity (LSE) paying both the NVBT resource and the subscribing customer is also their energy provider. If a subscriber were to switch LSE, this would result in double procurement by the NVBT program administrator (the IOU) and the subscriber's new LSE, and a 100% cost shift to non-participating IOU customers. This scenario is likely because CCAs have indicated no interest in NVBT.[8] The Community Renewable Energy Program (CREP) solves this problem by separating resource compensation from the subscriber's bill credit: participating resources are compensated like any other resource procured via the existing underlying PURPA-compliant tariff and subscriber bill credits are funded from entirely separate external sources. The payments to the generator are decoupled from the bill credits except that the latter are mathematically a function of the former. Builders seeking Title 24 compliance can partner with a renewable developer under CREP and use their up-front savings to sponsor bill credits for future non-low-income residents and even support the financial viability of the CREP project itself. The builder-sponsored bill credit can be delivered to residents of those premises regardless of LSE. Finally, given the use of external funds and applicability of Title 24 to non-residential customers, PG&E agrees with SBUA that non-residential customers should be eligible for CREP.[9]

This separation between generator compensation and bill credits under CREP is relevant to the critique of NVBT supporters[10] who interpret AB 2316 as requiring use of the ACC. The statutory language refers to the basis for bill credits rather than resource compensation,[11] so while PG&E agrees with the PD's conclusion that compensation to CS projects must be consistent with PURPA avoided costs, if the commission is persuaded by these critiques, they

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insertion, outage substitution, and the CAISO's resource adequacy availability incentive mechanism (RAAIM)." *Id.*, p. 3. CAISO also cautioned that if load-modifying resources are not consistently used and dispatched coincident with the hours and times of peak demand and, therefore, do not favorably reshape and modify the demand that drives RA requirements, then avoiding RA and capturing RA savings will not be realized. *Id.*, p. 5.

[7] TURN, p. 12, CUE, p. 3.

[8] In contrast to NVBT, the Joint CCAs (p. 2) find CREP an attractive option. The final decision should not prevent the CCAs from pursuing their own variation on this structure and building on their own preferred procurement vehicle, albeit via a separate process from the IOU's PURPA-based version.

[9] Small Business Utility Advocates, p.4.

[10] TURN, p. 10; Arcadia, pp. 10-11; Cypress Creek, pp. 10-11; SEIA p.11; CCSA, p.2, Appendix A p. xii.

[11] PUC § 769.3(c)(5) (the community renewable energy program, if established, shall "provide bill credits to subscribers based on the avoided costs of the program's facilities, as determined by the commission's methods…").

could be satisfied by basing customer bill credits on the ACC value of the CREP resource's generation without changing its compensation under the applicable PURPA-compliant tariff.

Multiple NVBT supporters also cite the requirement in Section 769.3(c)(6) that resources in a CS program must be eligible for enhanced federal investment tax credits (ITC), which limits resource size to 5 MW[12] and requires submission of information about the individual low-income subscribers.[13] The PD's imposition of a 20 MW cap appears driven by alignment with PURPA, and it is a simple adjustment to adopt a 5 MW cap.[14] The documentation of low-income subscribership should also be satisfied for a resource that is participating in a program with clear requirements, verifiable processes, and ongoing oversight to ensure that either 100% (e.g. DAC-GT) or 51% (e.g. CREP) of the benefits go to low-income participants. If individual customer information ultimately is required, appropriate protections can be put in place to share this information with the resource owner as is done today with countless other entities that contract with IOUs and need such information.

B. CREP is viable using a PURPA-compliant tariff, such as ReMAT.

Parties, including SEIA, TURN, Cypress Creek, and Clean Coalition argue that existing PURPA-compliant tariffs do not provide enough revenue to incent development of CREP projects.[15] However, the record does not support this conclusion; in fact, small renewable generation projects are continually being developed in PURPA-compliant programs, such as ReMAT, with contracts effective as recently as March, 2024.[16] In addition, the PD considers that there are several state and federal funding sources, including AB 102, the Environmental Protection Agency's Solar for All, the enhanced federal ITC, and the Greenhouse Gas Reduction Fund, available for PURPA-compliant community renewable energy programs[17], such as CREP, that may enhance project revenue, reduce development costs, and increase project viability. The PD correctly prioritizes ratepayer affordability over developer margins by finding that, "[r]equiring the PURPA-compliant community renewable energy program to use PURPA

[12] TURN, p. 5; Solar Landscape, p. 2.
[13] TURN, p. 5; Renewable Properties, p.4.
[14] CREP should not, however, be less restrictive than PURPA, for example by allowing projects to daisy chain as proposed by PearlX at p. 8.
[15] SEIA, p. 13, TURN, p.1, Cypress Creek, p.11, Clean Coalition, p. 4.
[16] PG&E ReMAT Feed-in Tariff Webpage, ReMAT_10DayReportingRequirement.xlsx, (https://pge.accionpower.com/_pgeremat/documents.asp?strFolder=c.%20PPAs%20Awarded/&filedown=&HideFiles=True).
[17] PD Finding of Facts 91, 92.

avoided costs to compensate generation resources ensures program costs are not paid by nonparticipating customers in excess of avoided costs."[18]

C. The PD correctly establishes a Modified Green Tariff (GT).

TURN's comments raise concern that "the PD is ambiguous as to whether it adopts PG&E's [successor GT] proposal" and urged the Commission to "reject any modification that would allow PG&E (or SCE) to reallocate procurement undertaken to comply with RPS or IRP requirements to serve Green Tariff subscribers."[19] While PG&E agrees that the PD should be clarified to affirmatively state that PG&E's proposal is adopted, PG&E disagrees with TURN: renewable generation not allocated to RPS should be used to serve Modified GT customers, since, as the PD recognizes, that is the core of PG&E's proposal.[20] This proposal's benefits are recognized by other parties, including Cal Advocates who "supports the PD"[21] and offers no disagreement concerning the Modified GT and Arcadia, who "takes no issues with the … the specific proposed modifications to the Disadvantaged Communities Green Tariff and the Green Tariff."[22] The argument that TURN and others[23] make that Senate Bill (SB) 43 and D.15-01-051 applies to the Modified GT are clearly counter to the Commission's view given its choice to allow customers larger than 2 MW (the customer size cap in SB 43) to participate in the Modified GT. Similarly, the Commission should not require new, dedicated program resources, which TURN calls "incremental" resources. Rather, the Commission should require that the generation used for Modified GT be "in addition" to that required by the California Renewables Portfolio Standard (RPS) Program, which ultimately aligns with the language of SB 43, and that is precisely what PG&E's proposal does. Mechanisms to ensure that generation serving Modified GT customers is additional to RPS compliance obligations and to ensure that the subscription levels of IOUs' Modified GT programs are managed to avoid impinging on RPS compliance should be addressed in a future advice letter as proposed in the PD.

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[18] PD Finding of Fact 88.
[19] TURN, pp. 14-15.
[20] PGE-02 (PG&E Amended Supplemental Testimony), pp. 17-20; PD, p. 143, "PG&E proposes … instead of procuring 100 percent new green incremental projects, allow for the procurement of resources not allocated to the RPS program… customers remain on their otherwise applicable tariff and are "topped off" to achieve 100 percent clean energy."
[21] Cal Advocates, p. 2.
[22] Arcadia Power, p. 2.
[23] SoCal CCAs, p. 6 (the PD does not "modify the requirement construction of incremental renewable energy projects specifically for the GTSR-GT program").

The existing GT procurement challenges and rate volatility have resulted in an unsuccessful program as validated in the record and substantiated in the PD. The Commission is correct in modifying the GT to allow for additional renewable energy on the grid in accordance with our RPS goals, while simultaneously allowing customers the choice to pay a premium to reach 100% green energy at a rate faster than RPS targets. This is consistent with the 100% green option that CCAs offer today and will accelerate our statewide transition to 100% renewables.

D. Optional transition of CS-GT customers ineligible for the Modified DAC-GT.

The Joint CCAs contend that CS-GT customers who are ineligible for DAC-GT (non-income qualified residential customers and Community Sponsors) should be transitioned to the Modified DAC-GT. Waiving DAC-GT eligibility requirements for these customers should be optional. For PG&E, implementing such an exception would be inefficient, costly, and unnecessary. Non-low-income residential customers were made eligible for CS-GT to help ensure sufficient subscribers to CS-GT projects within the restrictive geographic eligibility, but this is not relevant under the modified DAC-GT. Active community sponsors can receive direct funding for their support of a project rather than relying on an electric bill discount.

E. The PD should clarify that RECs must still be retired for the Modified Green Access Programs (GAPs) and that price caps must remain confidential.

PG&E agrees with TURN that renewable energy credits (RECs) must still be retired in the Modified GAPs. PG&E and other parties have supported removal of the Green-e requirement to reduce cost; however, the removal of this duplicative verification and audit processes should preserve the annual REC retirement practice. Finally, several parties argue that price caps for the existing and Modified GAPs should be made transparent to renewable developers.[24] It is critical that these remain confidential so that the sourcing process is competitive, especially for any procurement integrated with broader procurement activities as envisioned for the Modified GT.

[24] PowerFlex, p. 5; Solar Landscape, p. 6.

Respectfully submitted,

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