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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39E) for Review of the Disadvantaged Communities – Green Tariff, Community Solar Green Tariff and Green Tariff Shared Renewables Programs.

Application 22-05-022

And Related Matters.

Application 22-05-023

Application 22-05-024

**ADMINISTRATIVE LAW JUDGE’S RULING DIRECTING
RESPONSES TO QUESTIONS REGARDING IMPLEMENTATION
OF DECISION 24-05-065**

This Ruling directs parties to file comments responding to questions regarding the implementation of Decision (D.) 24-05-065. As described below, comments shall be filed no later than June 21, 2024 and reply comments shall be filed no later than June 28, 2024.

The Commission adopted D.24-05-065, which establishes a new community renewable energy program tariff and modifications to existing Green Access Program tariffs. That decision anticipated the need for additional record development to implement the new community renewable energy program and the Green Access Program tariffs modifications.

Attached to this ruling is a series of questions on aspects of the new community renewable energy program, the modified Disadvantaged

Communities Green Tariff program, and the modified and legacy Green Tariff program. Parties are directed to file comments responding to these questions.

IT IS RULED that:

1. No later than June 21, 2024, parties shall file opening comments responding to the questions in the Attachment to this ruling.
2. No later than June 28, 2024, parties shall file reply comments.

Dated June 5, 2024, at San Francisco, California.

/s/ KELLY A. HYMES
Kelly A. Hymes
Administrative Law Judge

**ATTACHMENT
QUESTIONS REGARDING THE IMPLEMENTATION OF
DECISION 24-05-065**

NEW COMMUNITY RENEWABLE ENERGY PROGRAM

Revenue Share and Bill Credits

1. The new community renewable energy program is designed to deliver value through two streams of funding: (i) the stable but moderately adjusting compensation from wholesale tariffs and (ii) the external, non-ratepayer, funding or “add-on” that is managed through investor-owned utility (Utility) balancing accounts. How should these streams of funding be applied to provide both developer compensation and subscriber savings or revenue share (*i.e.*, percentage split of total revenue from a project between the developer or generator account and benefiting or subscriber accounts)?
2. Decision (D.)24-05-065 states, “The Commission finds that a minimum 20 percent revenue share for low-income subscribers is reasonable and provides protection for subscribers. However, the record of this proceeding does not contain adequate details on a specific percentage credit.”¹ What should the revenue share for low-income subscribers be and how should it be calculated? Comments should consider that some external funding types may have certain conditions to ensure the funding benefits low-income customers.

¹ D.24-05-065 at 122.

3. D.24-05-065 states “With respect to bill credits, the Commission finds the [Southern California Edison (SCE)] proposal to use the simplified Shared Savings Model using balancing accounts to provide a flat monetary credit on subscriber bills is reasonable...The Commission finds that a minimum 20 percent revenue share for low-income subscribers is reasonable and provides protection for subscribers.² However, the record of this proceeding does not contain adequate details on a specific percentage credit. A future ruling in this proceeding will allow for additional record development. The Commission also declines to specify a minimum revenue share for -non-low-income- subscribers as they will not receive a subsidy through external funding.”³ Propose, in detail, how a low-income and non-low-income bill credit should be applied, including billing presentment.

Non-Ratepayer-Funded Adder

4. What should be the developer incentive or adder per project and how should it be calculated? Potential funding sources include the Environmental Protection Agency’s (EPA) Solar for All grant funding, General Funds allocated to the Commission, and others to be determined.⁴

² Pursuant to D.24-05-065, “low-income subscribers meeting each Utility or CCA’s Arrearage Management Program enrollment criteria will be prioritized for automatic enrollment, followed by all other low-income customers (as defined in Pub. Util. Code §769.3) who subscribe to the tariff. These low-income customers will be automatically enrolled by their utility or participating CCA but provided an opportunity to opt out of the tariff. See D.24-05-065 at 118-119.

³ D.24-05-065 at 158.

⁴ On April 22, 2024, the EPA announced that California was selected to receive \$249,800,000 in grant funding. The EPA anticipates that awards to the selected applicants will be finalized in the summer of 2024. The Commission anticipates using some portion of these funds to support the community renewable energy program. (See <https://www.epa.gov/greenhouse-gas->

Footnote continued on next page.

- a. Should the incentives for developers be based on dollars per watt, dollars per kilowatt-hour, a lump sum, or some other scheme? Explain why.
- b. What process should the Commission use for determining the incentive or adder? Should the Commission set the incentive or adder price administratively or should it require the utilities to use a method such as a reverse auction that would introduce price discovery? If you recommend a price discovery method, specify the method you propose and the justification for using that method.
- c. Should the incentive or adder be based on a minimum dollar amount per customer or a minimum percentage of project revenue share? Should the incentive or adder increase if more low-income customers are signed up beyond the 51 percent per project minimum threshold?
- d. What other non-monetary incentives or assistance could utilities or Community Choice Aggregators (CCAs) provide to community renewable energy program projects and developers?

Federal Incentives

5. Some CCAs who administer the Disadvantaged Communities Green Tariff (DAC-GT) have successfully negotiated lower Power Purchase Agreement contract prices with selected developers if a project receives the federal Investment Tax Credit (ITC) Low-Income Community Bonus Credit.⁵

reduction-fund/solar-all.); AB 102, Budget Act of 2023, Section 244 \$33 million appropriated to the Commission with additional requirements; Governor's 2024-2025 State Budget Proposal, Climate and Opportunity Budget includes \$50 million in Greenhouse Gas Reductions Funds funding for community solar: <https://abgt.assembly.ca.gov/system/files/2024-05/cec-and-cpuc-mr-2-of-2.pdf>.

⁵ See Clean Power Alliance (CPA) Advice Letter 24-E and MCE Community Choice Energy (MCE) Advice Letter 63-E. For CPA, each PPA includes two contract variants - a standard contract price and a slightly lower contract price if the project receives the ITC Low-Income

Footnote continued on next page.

Similarly, the Solar on Multifamily Affordable Housing program also set a precedent for aligning incentives, such as the federal ITC, with incentives provided for the installation of solar.⁶ Should the new community renewable energy program follow a similar process for leveraging the federal incentives available in the Inflation Reduction Act including the Low-Income Community Bonus Credit and other new and available tax credits?⁷

Disbursal of Non-Ratepayer Funds

6. D.24-05-065 states “Utilities would have the role of fiscal agents and apply monetary credits to the generation, *i.e.*, benefiting, and customer, *i.e.*, subscriber, accounts. The Commission finds that it is reasonable to direct Utilities to establish a balancing account to track the subscriber revenue shares and distribute the appropriate shares through the bill credit. Further, changes to the credits based on facility performance and credit

Community Bonus Credit. <https://files.cleanpoweralliance.org/uploads/2023/09/CPA-Advice-Letter-0024-E-DACGT-CSGT-2023-PPA-Approval-website.pdf>.

For MCE, in exchange for a negotiated price increase and Commercial Operation Date extension, MCE negotiated that the developer must pursue the new Low-Income ITC Bonus. If the developer can obtain the Low-Income ITC Bonus, then the price increase will be negated. <https://www.mcecleanenergy.org/wp-content/uploads/2023/07/MCE-Advice-Letter-63-E.pdf>.

⁶ Public Utilities Code Section 2870(f)(4): The Commission shall ensure that incentive levels for photovoltaic installations receiving incentives through the program are aligned with the installation costs for solar energy systems for affordable housing and take account of federal investment tax credits and contributions from other sources to the extent feasible.

⁷ The bonus credit provides a 10 or 20 percentage point increase to the base 30 percent investment tax credit for qualified solar and wind energy facilities with a maximum net output of less than five megawatts (AC). A 10-percentage point increase is available to eligible solar and wind facilities that are installed in low-income communities or on Indian land and a 20-percentage point credit increase is available to eligible solar and wind facilities that are part of a qualified low-income residential building or a qualified low-income economic benefit project. More information can be found at: <https://www.irs.gov/credits-deductions/low-income-communities-bonus-credit>

distribution can be easily updated through an annual true-up process.”⁸

How should the external funding be disbursed to the projects and participating customers of Utilities and CCAs?

Treatment of Utility Implementation and Administrative Costs

7. What funding source should be used to pay for start-up costs and program administration and what process should be used for cost recovery? This may include costs associated with billing system updates, the customer enrollment process buildout, ongoing subscription management and development of a new solar and storage contract (if needed).

CCA Participation

8. D.24-05-065 states “As CCAs are permitted to participate in the new community renewable energy program, the foundational tariffs will need to be revised to accommodate this participation. At this time, the record does not contain the specifics for CCA participation.”⁹
 - a. What process should be employed to enable CCA participation in the community renewable energy program? This would include discussion of how CCAs must notify the Commission of their participation in accordance with Pub. Util. Code Section 769.3(b)(2)(B) and the process for CCAs to access external funds?
 - b. Which CCA tariffs should be eligible for the program?

⁸ D.24-05-065 at 128.

⁹ D.24-05-065 at 155.

Reporting Requirements

9. Parties raised concerns about the community renewable energy program in relation to reporting requirements for the Low-Income Communities Bonus Credit Program and EPA Solar for All in their comments on the draft proposed decision.¹⁰ How should the Commission account for reporting for various potential tax incentives and funding types? How should the Commission incorporate this efficiently into the community renewable energy program design?

Enrollment

10. Should Utility-facilitated or CCA-facilitated auto-enrollment be the only enrollment pathway for low-income customers in DAC-GT and the new community renewable energy program? What other enrollment options are available? What are the benefits or drawbacks of either approach? Comments should consider potential administrative cost, alignment with other low-income programs like the California Alternate Rates for Energy (CARE) program, compatibility with Title 24, the customer enrollment experience, ease of customer understanding billing/crediting, and consumer protections.
11. If you recommend auto-enrollment, describe the criteria that should be used for i) determining which customers would be auto-enrolled in the community renewable energy program and ii) ensuring that customers aren't enrolled in more than one program (i.e. community renewable energy program and DAC-GT). Additionally, explain which program (i.e.

¹⁰ Arcadia Opening Comments on Proposed Decision at 12-13; TURN Opening Comments on Proposed Decision at 4.

community renewable energy program and DAC-GT) would low-income customers be enrolled in first?

MODIFIED DISADVANTAGED COMMUNITIES GREEN TARIFF PROGRAM

12. Determining the prior year spending for multiple DAC-GT program administrators on is a challenging task which requires review of multiple annual budget advice letters. Explain whether you think it would be simpler to have one of the three investor-owned utilities submit an annual report on behalf of all DAC-GT administrators showing historical spending each year in the first quarter?
13. In D.04-12-048 of the Long-Term Procurement Planning Proceeding, the Commission required Utilities to hire an Independent Evaluator to monitor competitive solicitations that involve affiliate transactions, Utility-built or Utility turnkey bidders.¹¹ Subsequently, D.06-05-039 required an Independent Evaluator to also monitor all Renewables Portfolio Standard program solicitations to separately evaluate and report on a Utility's entire solicitation, evaluation and selection process for this and all future solicitations. The Independent Evaluator serves as an independent check on final selections, by ensuring solicitations are conducted in an open, fair, and transparent process. Should the Independent Evaluator for each Utility be required to submit a report for all Utility DAC-GT procurements, whether or not a Request For Offer results in a selected bid?

¹¹ It should be noted that the Independent Evaluators monitoring energy procurement activities are different from the Independent Evaluators (such as Evergreen Economics) who have historically been tasked with evaluating the efficacy of programs like the DAC-GT and the Community Solar Green Tariff programs.

MODIFIED AND LEGACY GREEN TARIFF AND SHARED RENEWABLES

Cost Recovery –Utility Responses Only

14. How might the community renewable energy program leverage existing Enhanced Community Renewables Information Technology and business system infrastructure that supports the subscription, enrollment, and billing processes?
15. If there are any stranded legacy Green Tariff costs, document them in a detailed format similar to the categories used in Exhibit CA-01, Appendix B. Explain what the cost recovery process should be for these costs, and who would pay them.
16. For the legacy Green Tariff, explain where (*e.g.*, Energy Resource Recovery Account, Advice Letter, etc.) forecasted and final rates are currently filed and approved by the Commission?
 - a. Explain where the true-up or actual costs are documented, as compared to forecasted.
 - b. Propose how the process would work under the modified Green Tariff.

Incremental Renewable Procurement – All Parties Respond

D.24-05-065 adopts the Utilities' proposal to bundle any future solicitations for new resources to meet modified green tariff demand with the same procurement activities it will undertake to meet its long-term planning goals to ensure least-cost best-fit procurement.¹² The Decision requires Utilities to each submit a Tier 2 Advice Letter updating their existing Green Access Program tariffs according to the directives of the decision, including details on how their programs will result in incremental new renewable energy being purchased.

¹² D.24-05-065 at 141-142 and 144. See also Exhibit PGE-02 at 19.

17. Describe how additional renewable procurement should be accomplished, citing key dependencies to an approved Integrated Resource Plan Decision and process.

- a. How would a participant be assured that these resources are from incremental renewable resources?
- b. How would program administrators ensure that the renewable energy purchased for modified Green Tariff customers does not result in duplicative procurement?
- c. If an approved Integrated Resource Plan or decision does not exist, what would be the correct procedural mechanism for making this determination?

18. Does the change in the modified Green Tariff's procurement approach negate prior orders to seek Energy Division approval of contracts (via Tier 2 advice letter) for power purchase agreements based on the Renewable Auction Mechanism? Is there a better process, such as incorporation into a different procurement reporting mechanism to ensure modified Green Tariff enrollment results in incremental green power being purchased? Explain why your proposed process is better.

19. In Question 13 above, the Independent Evaluator is described. Given the procurement changes outlined in D.24-05-065, should the independent evaluator process be continued to support Green Tariff procurement, or should it be discontinued?

Program Efficiencies - All Parties Respond

20. D.15-01-051 required Utilities to consult their government and non-profit advisory network or groups and for Utilities to jointly host an Annual Developers forum to garner feedback from the developer community. Given changes to the modified Green Tariff program, should Utilities continue hosting this forum and/or the advisory group or will the planned

California Shared Renewables Portfolio evaluation process provide similar or more actionable program feedback?

ALL CALIFORNIA RENEWABLES PORTFOLIO PROGRAMS

- 21.** In lieu of filing program-specific monthly, quarterly, and semi-annual reports to the relevant service list, D. 24-05-065 directed each modified DAC-GT and modified Green Tariff Program Administrator to report on program operation and outcomes for public posting on the California Distributed Generation Statistics (DGStats) website. Resolution E-5030, issued on October 24, 2019, established an ongoing funding source and annual budget for DGStats of up to \$330,000 per year. Is this budget and funding source sufficient and appropriate for the data reporting directed in D.24-05-065?
- 22.** For the legacy Green Tariff, modified Green Tariff, and Disadvantaged Communities Green Tariff programs, provide a breakdown of budget line items by category and program, using the same categories used in Exhibit CA-01 Appendix B. Are there other cost categories, such as a regulatory compliance line item, that should be included in the programs' reporting?

END OF ATTACHMENT A