

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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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

**OPENING COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON  
ADMINISTRATIVE LAW JUDGE’S RULING DIRECTING RESPONSES TO  
QUESTIONS REGARDING IMPLEMENTATION OF DECISION 24-05-065**

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## I. INTRODUCTION

Pursuant to the June 5, 2024 *Administrative Law Judge’s Ruling Directing Responses to Questions Regarding Implementation of Decision 24-05-065* (Implementation Ruling)<sup>1</sup> and the June 13, 2024 *Email Ruling Granting Request for Extension of Comment Deadlines*,<sup>2</sup> the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these Opening Comments on the Implementation Ruling’s Attachment: *Questions Regarding the Implementation of Decision 24-05-065*.<sup>3</sup>

## II. DISCUSSION

The Implementation Ruling Questions have been reproduced below, immediately followed by the response to each question.

### **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 “adder” 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)?**

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<sup>1</sup> *Administrative Law Judge’s Ruling Directing Responses to Questions Regarding Implementation of Decision 24-05-065*, Application (A.) 22-05-022 et al., June 5, 2024, hereinafter “Implementation Ruling.”

<sup>2</sup> *Email Ruling Granting Request for Extension of Comment Deadlines*, A.22-05-022 et al., June 13, 2024, hereinafter “Email Ruling.”

The Email Ruling extended the due date for Opening Comments on the Implementation Ruling from June 21 to July 10 and the due date for Reply Comments from June 28 to July 24. See Email Ruling at 6.

<sup>3</sup> See Implementation Ruling Attachment *Questions Regarding the Implementation of Decision 24-05-065*, hereinafter “Implementation Ruling Questions.”

Regardless of the funding structure that the California Public Utilities Commission (Commission) chooses to adopt for the new Community Renewable Energy (CRE) Program, participating customers should, at minimum, incur no additional cost for participation and low-income customers should, at minimum, receive bill savings.

As described in Decision (D.) 24-05-065, one of the main purposes of the CRE Program is to satisfy Assembly Bill 2316's<sup>4</sup> requirement that a new community renewable program must allow participating customers to realize the benefits of distributed generation through a cost-effective program that provides benefits to all ratepayers.<sup>5</sup> Additionally, rate premiums and rate volatility in general make community renewable programs less enticing for both customers and developers, as the Commission saw with the Enhanced Community Renewables (ECR) program.<sup>6</sup> Without rate stability and customer interest, the CRE program may yield disappointing results similar to those of the ECR program: failure to secure robust participation and failure to serve customers.<sup>7</sup> The Legislature intended to promote robust low-income customer participation.<sup>8</sup> To help foster customer interest in the CRE program, the Commission should ensure that the application of the revenue streams allows customer participation in the program at no additional cost to the participant and that low-income participants receive bill savings that encourage low-income participation beyond the minimum requirement of 51 percent of project capacity.

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<sup>4</sup> Assembly Bill 2316, (Ward, 2021-2022 Reg. Sess.). Customer Renewable Energy Subscription Programs and the Community Renewable Energy Program, codified as Public Utilities Code Sections 769.3 and 913.15.

<sup>5</sup> *Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program*, D.24-05-065, A.22-05-022 et al., at 5-6 and at 104. Citing to AB 2316 adopted as Public Utilities (Pub. Util.) Code § 769.3.

<sup>6</sup> D.24-05-065 at 43-44.

<sup>7</sup> D.24-05-065, Findings of Fact 7 at 154.

<sup>8</sup> Assembly Bill 2316 Section 1(c).

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.”<sup>2</sup> 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.**

The Commission should maintain a minimum 20 percent revenue share requirement for low-income participants in the CRE program as this percentage complies with obligations for the Inflation Reduction Act of 2022 (IRA)’s federal Income Tax Credit (ITC) and provides low-income customers with more meaningful benefits. With fluctuating external funding sources, it may be necessary to adjust the minimum revenue share for low-income subscribers once external funds and incentives are no longer available or depleted.<sup>10</sup> Following each final independent evaluation report,<sup>11</sup> the Commission should seek stakeholder input to determine if it is necessary to adjust the minimum revenue share for low-income subscribers to balance project economics and subscriber benefits. Stakeholder input could be solicited in response to a ruling or other appropriate mechanism. In order to promote efficiency and reduce potential confusion, the Commission should adopt a pathway to adjust the minimum revenue share for low-income subscribers as part of its decision that adopts other elements of the CRE program design.<sup>12</sup>

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<sup>2</sup> D.24-05-065 at 122.

<sup>10</sup> The low-income community bonus investment tax credit (additional 10 or 20 percent to the base 30 percent investment tax credit) is set to expire on December 31, 2032. The Energy Community bonus tax credit (additional 10 percent to the base 30 percent investment tax credit) does not have a specified expiration date, but it may be assumed that this incentive will remain available until 2032 in alignment with the extended investment tax credits. The Solar for All funding requires that the funds must be expended within the first five years. Assembly Bill (AB) 102, Budget Act of 2023, Section 244, requires that the \$33 million appropriated funds to the Commission could be committed or expended until June 30, 2026, and liquidated by June 30, 2029.

<sup>11</sup> D.24-05-065 OP 14 at 175-176.

<sup>12</sup> Accessed on June 13, 2024. Available at: <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all-solar-household-savings-highlights>

External funding sources include specific provisions to ensure the funding provides meaningful benefits to low-income customers. The IRA provides conditional grants and enhanced tax incentives for community renewable project deployment.<sup>13</sup> For instance, the Solar for All grant program requires that projects deliver a minimum of 20 percent household energy to participating households.<sup>14</sup> Similarly, solar and wind facilities with a maximum net output of less than 5 megawatts (MW) that satisfy one of four categorical requirements may qualify for a 10 or 20 percent investment tax credit (ITC) under the Low-Income Community bonus credit program.<sup>15</sup> The 10 or 20 percent the Low-Income Community ITC bonus is incremental to the base 30 percent investment tax credit. In addition to the Low-Income Community ITC bonus, a project may also stack the 10 percent Energy Community ITC bonus.<sup>16</sup> Aside from federal tax credits, the state General Fund has already appropriated \$33 million in funds to the Commission.<sup>17</sup> Additional funding from the state Greenhouse Gas Reduction Fund is also anticipated in future fiscal years.<sup>18</sup>

In addition, the California Infrastructure Economic Development bank was selected to receive an award amount of \$249,800,000 from the federal Solar for All grant

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<sup>13</sup> Low-Income Communities Bonus Credit Program Applicant Checklist, U.S Department of Energy, Accessed on June 13, 2024. Available at: <https://www.energy.gov/sites/default/files/2024-06/2024%20DOE%2048%28e%29%20Applicant%20Checklist.pdf>

<sup>14</sup> Low-Income Communities Bonus Credit Program Applicant Checklist, U.S Department of Energy, Accessed on June 13, 2024, at 6. Available at: <https://www.energy.gov/sites/default/files/2024-06/2024%20DOE%2048%28e%29%20Applicant%20Checklist.pdf>

<sup>15</sup> Low-Income Communities Bonus Credit Program Applicant Checklist, U.S Department of Energy, Accessed on June 13, 2024, at 1. Available at: <https://www.energy.gov/sites/default/files/2024-06/2024%20DOE%2048%28e%29%20Applicant%20Checklist.pdf>

These categories include, projects located in a low-income community, located on Indian land, qualified low-income residential building project, and qualified low-income economic benefit project.

<sup>16</sup> On March 22, 2024, the Internal Revenue Service issued a notice expanding specific rules determining what is an energy community for the production and investment tax credits. *See*, <https://www.irs.gov/pub/irs-drop/n-24-30.pdf>

<sup>17</sup> Assembly Bill (AB) 102, Budget Act of 2023, Section 244.

<sup>18</sup> Governor's 2024-2025 State Budget Proposal, allocates \$50 million for community solar from the Greenhouse Gas Reduction Fund for fiscal years 2025-26 and 2028-29. Available at: <https://abgt.assembly.ca.gov/system/files/2024-05/cec-and-cpuc-mr-1-of-2.pdf>.

program.<sup>19</sup> The Implementation Ruling notes that the Commission anticipates using a portion of the award amount for the CRE program.<sup>20</sup> However, eligibility for this funding requires that the revenue share for all subscribers enrolled in the CRE program is substantial enough to provide a 20 percent *energy cost reduction*, at a minimum.<sup>21</sup> The 20 percent *energy cost reduction* requirement does not directly translate to a 20 percent *revenue share* for low-income customers as adopted in the CRE program.<sup>22</sup> Moreover, the 20 percent revenue share only applies to low-income customers, while the funding from Solar for All directs that all participating households receive a 20 percent bill reduction. Therefore, it is unclear how the current design of the CRE program may leverage available Solar for All grant funding given this requirement.

The Commission should therefore consider an adjustable incremental revenue share to the adopted minimum revenue share for low-income and non-low-income subscribers, if necessary, to comply with the Solar for All grant requirements. Once the available funding from the Solar for All grant is depleted, the adopted minimum revenue share will continue to provide financial benefits to low-income and non-low-income subscribers.

Alternatively, if the Commission decides not to modify the CRE program revenue share to meet the Solar for All grant requirements, the Commission should allocate Solar for All funding to the modified Disadvantaged Communities – Green Tariff (DAC-GT). DAC-GT is currently designed to provide a flat 20 percent bill discount to income-qualified customers in disadvantaged communities, thereby satisfying this Solar for All grant requirement. This allocation could offset more than \$10 million of annual ratepayer collections from the public purpose program surcharge for the DAC-GT program as shown in Table 1 below.

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<sup>19</sup> Accessed on June 13, 2024. Available at: <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>.

<sup>20</sup> Implementation Ruling at 4-5.

<sup>21</sup> Low-Income Communities Bonus Credit Program Applicant Checklist, U.S Department of Energy, Accessed on June 13, 2024, at 6. Available at: <https://www.energy.gov/sites/default/files/2024-06/2024%20DOE%2048%28e%29%20Applicant%20Checklist.pdf>.

<sup>22</sup> D.24-05-065 OP 1(b) at 168.

**Table 1: DAC-GT Program Year 2022 Actual Expenditures**

Program Administrator	Approved Advice Letter	Overall Actual Expenditures	Greenhouse Gas Cap-and-Trade (Above Market Generation Costs)	Public Purpose Program (Discount, Administration, Marketing, Education & Outreach)
CPA	21-E / 21-E-A	\$1,488,555	\$336,138	\$697,434
CPSF	26-E / 26-E-A	\$122,270	\$4,584	\$117,686
Ava	39-E-A / 39-E-B	\$951,194	\$335,475	\$615,719
<b>CalChoice (LCE, PRIME, SJP)</b>	24-E, 19-E, 17-E	\$28,015	-	\$28,015
<b>MCE</b>	69-E	\$1,762,061	\$843,492	\$918,569
<b>PCE</b>	30-E/E-A	\$1,080,498	\$505,844	\$574,654
<b>PG&amp;E</b>	6905-E	\$8,257,098	\$2,153,987	\$6,103,111
<b>SCE</b>	5002-E	\$88,610	-	\$88,610
<b>SDG&amp;E</b>	4159-E-A	\$42,206	-	\$42,206
<b>SJCE</b>	30-E	\$724,071	\$338,434	\$385,637
<b>TOTAL</b>		\$14,544,579	\$4,517,954	\$10,026,624

Although the Greenhouse Gas allowances fund the above market generation costs, these program expenditures have an indirect impact to ratepayers via the bi-annual California Climate Credit. These expenditures reflect actuals for program year 2022 across all program administrators accounting for a total of 70.616 MW of procured capacity at the time. D.24-05-065 increased the total capacity of the modified DAC-GT to 236.306 MW assuming the 18.37 MW of procured CSGT capacity is transferred to DAC-GT.<sup>23</sup> It is reasonable to assume that ratepayer collections from the 2022 DAC-GT public purpose program surcharge will increase approximately threefold to over \$30 million annually once DAC-GT reaches maximum capacity. The Solar for All funding

<sup>23</sup> D.24-05-065 at 149-150; OP 2 at 169.

provides an opportunity to reduce ratepayer burdens from the DAC-GT program, which faces no cost-effective requirements or limitations on shifting costs to non-participating ratepayers.

State funding sources include more flexible requirements than the enhanced ITC and Solar for All. For example, Assembly Bill (AB) 102, Budget Act of 2023, appropriated \$33 million to the Commission to support a cost-effective disadvantaged community renewable generation program that provides benefits to all ratepayers.<sup>24</sup> The Commission can commit or allocate the funds until June 30, 2026.<sup>25</sup> This external funding source does not include specific provisions on minimum participant savings, project siting, project size limits, etc. compared to the enhanced federal ITC and Solar for All.

The May revised 2024-2025 California state budget forecasts \$50 million funds available from the California Greenhouse Gas Reduction Fund (GGRF) to support community solar.<sup>26</sup> Due to the limited details in the May budget revision, it is unclear whether this community solar funding is subject to specific conditions. Although allocations from the GGRF towards community solar would be an external funding source, the Commission should consider how this GGRF funding impacts non-participants, as the California Climate Credit derives from some of the cap-and-trade program revenues. This means that the use of GGRF funds in the Commission's community renewables programs may disadvantage non-participating ratepayers, because ratepayers who do not participate in community solar would receive less GGRF funding directly reducing their bills.<sup>27</sup>

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<sup>24</sup> Assembly Bill (AB) 102, Budget Act of 2023, Section 244.

<sup>25</sup> Assembly Bill (AB) 102, Budget Act of 2023, Section 244, Provision 2.

<sup>26</sup> May Revision forecasts \$25 million in fiscal year 2025-26 and an additional \$25 million in fiscal year 2028-29 allocation toward community solar from the California Greenhouse Gas Reduction Fund. See, [cec-and-cpuc-mr-1-of-2.pdf \(ca.gov\)](#). Although the 2024-25 fiscal year budget has passed, the final GGRF funding is based on a forecast for future fiscal years.

<sup>27</sup> "California Climate Credit," California Public Utilities Commission, Updated 2024, last viewed July 10, 2024.

<https://www.cpuc.ca.gov/climatecredit/>

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.<sup>28</sup> 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.”<sup>29</sup> Propose, in detail, how a low-income and non-low-income bill credit should be applied, including billing presentment.**

D.24-05-065 includes customer protections within the scope of implementation issues that remain to be considered in this proceeding.<sup>30</sup> To enhance customer protections and promote transparency, participant bills should include a clear line-item credit amount appropriately labeled to reference the CRE program. Customer bills should also include a monthly and year-to-date summary of the credits applied to help subscribers track the benefits of the program.

Additionally, line-items for low-income and non-low-income participants should be labeled differently. For instance, the low-income line-item may be labeled “Income Qualified Community Renewable Energy Program Bill Credits” and non-low-income participants may be labeled “Community Renewable Energy Bill Credits.” Requiring clearly labeled bill credit line items on customer bills will help ensure customers can easily verify their participation and understand the benefits of participation.

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<sup>28</sup> 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.

<sup>29</sup> D.24-05-065 at 158.

<sup>30</sup> D.24-05-065 at 151.

## 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.<sup>31</sup>**

**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.**

Incentives for CRE program developers should be provided on a dollars per kilowatt-hour (\$/kWh) basis to align incentives directly with the energy production of the CRE program facility. Providing incentives on a \$/kWh basis also aligns with existing Power Purchase Agreements (PPAs) for the Disadvantaged Community-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) projects, which compensate project developers on a \$/kWh basis. DAC-GT and CSGT PPAs also include provisions to lower the \$/kWh if the project leverages the federal ITC, which should also be applicable for CRE program projects. Additionally, if the Commission sets a \$/kWh adder, the Commission should consider offering an increased \$/kWh incentive for projects with paired energy storage to encourage such projects.<sup>32</sup>

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<sup>31</sup> 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-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](https://abgt.assembly.ca.gov/system/files/2024-05/cec-and_cpuc-mr-2-of-2.pdf).

<sup>32</sup> D.24-05-065 allows projects to voluntarily include storage in solicitations. D.24-05-065 OP 1(i), at 169.

- 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.**

The Commission should consider adopting a reverse auction mechanism to distribute the \$/kWh adder funding to individual CRE program projects. A reverse auction method introduces competition for the use of non-ratepayer funded incentives or adders along with flexibility to adapt to changing market conditions. Under this method, developers would competitively submit bids for projects to leverage the necessary incentives or adders for their project proposals. This method may allow more projects to receive the available incentives or adders as opposed to an administratively set incentive. If the Commission adopts a reverse auction mechanism for the non-ratepayer funds, it is reasonable for the price discovery method to establish clear project eligibility criteria and specify the maximum allowable incentive to align with the external funding requirements while providing incentives for a larger share of projects.

Although an administratively set non-ratepayer funded incentive or adder simplifies the process, the set incentives may not reflect actual market conditions throughout the years the incentives are available. If the Commission adopts an administratively set incentive or adder, it should follow a similar method to what is used in the Self-Generation Incentive Program (SGIP). The SGIP provides various administratively set step-down incentives divided into several steps depending on the budget category, with each step having a predetermined capacity cap.<sup>33</sup> This mechanism provides progressively reduced incentives as project deployment increases. Importantly, certain categories of the SGIP provide a portion of the administratively set incentive through actual system performance, such as the Renewable Generation budget category.

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<sup>33</sup> Self-Generation Incentive Program (SGIP) Handbook – 2024 version, at 34-38.

Absent a reverse auction mechanism, an administratively set incentive structure for the CRE program based on the SGIP's model<sup>34</sup> would establish clear, step-down fixed incentives, and provide developers with predictable financing terms and the ability to integrate incentives with actual project performance. Additionally, the Commission should establish statewide developer caps for the total available funding and allow a program administrator to propose adjustments to its step-down incentives via a tier 2 advice letter to account for fluctuations with available external funds. The Commission should also provide distinct incentive steps for standalone solar facilities and solar paired with storage facilities. The Commission should provide formulaic non-ratepayer-funded allocations and incentive steps to each service territory. This structure will streamline and simplify the use of non-ratepayer funds and ensure those funds are distributed equitably and used prudently, especially since non-ratepayer funds are limited and may fluctuate over time.

- 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?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

- d. What other non-monetary incentives or assistance could utilities or Community Choice Aggregators (CCAs) provide to community renewable energy program projects and developers?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

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<sup>34</sup> While the CRE program incentive structure should be calculated based on the SGIP model, it does not necessarily need to be the same value based on the differences between the two programs.

## 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.<sup>35</sup> 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.<sup>36</sup> 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?<sup>37</sup>**

The Commission should require Investor-Owned Utilities (IOUs) and Community Choice Aggregators (CCAs) to follow an approach similar to the one adopted for the DAC-GT program to leverage federal incentives, including Inflation Reduction Act (IRA) funding and tax credits for use in the CRE program. As previously described, the available base ITC and ITC bonuses provide a substantial capacity-based incentive on the total eligible cost of the facility. It is crucial that developers leverage the tax credits

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<sup>35</sup> 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 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>.

<sup>36</sup> 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.

<sup>37</sup> 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>.

available from the Low-Income Community and Energy Community bonuses to further support subscriber benefits and project viability.

To maximize benefits, the Commission should require that developers apply for all relevant federal incentives to participate in the CRE program. As noted in the above question, two CCAs have successfully executed contracts for the DAC-GT program with provisions to lower the contract price if the facility receives the Low-Income Community bonus ITC.<sup>38</sup>

#### **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 distribution can be easily updated through an annual trueup process.”<sup>39</sup> How should the external funding be disbursed to the projects and participating customers of Utilities and CCAs?**

Absent a detailed financial model of the CRE program and an understanding of how project revenue in general will be disbursed to participants and developers, it is difficult to compare different disbursement methods for external funding. Regardless of the method ultimately chosen, the Commission should ensure that participating low-income customers continue to receive a *minimum* of 20 percent of project revenue, as described in response to Question 2, above.

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<sup>38</sup> The Commission should not only consider implementing this process for the CRE program, but also for the DAC-GT program. For example, a recently submitted joint advice letter by San Jacinto Power, Pico Rivera Innovative Municipal Energy, and Lancaster Choice Energy (Collectively, CalChoice CCAs) executed a DAC-GT contract without terms on the Low-Income Community ITC bonus (CalChoice CCAs joint advice letter (LCE AL 27-E, PRIME 22-E, SJP 20-E)). The Commission should implement a similar process to that described above for all program administrators to negotiate lower contract prices for the DAC-GT program if the project receives either the Low-Income Community ITC bonus or the Energy Community ITC bonus. This approach should apply to all available federal enhanced tax credits at the time of contract execution.

<sup>39</sup> D.24-05-065 at 128.

## 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).**

The Commission should use funds from the non-ratepayer sources to pay for start-up and program administration costs. Using non-ratepayer funds for start-up and administration costs will avoid placing an unnecessary burden on non-participating ratepayers and complies with AB 2316's requirement to minimize impacts to non-participating ratepayers.<sup>40</sup> In particular, the \$33 million appropriated to the Commission by AB 102 should be allocated towards the start-up costs relating to billing system upgrades, customer enrollment process buildout, and development of a new solar and storage contract.<sup>41</sup> Although allocating non-ratepayer funds for start-up expenditures limits the availability of funds toward incentives, it is necessary to avoid nonparticipant impacts. Similarly, the Commission could consider using funds from the Solar for All federal funding to pay for some of the upfront and administrative costs of the CRE program.<sup>42</sup>

Alternatively, the Commission could allocate 10 percent of each eligible external funding source toward start-up costs and program administration. Recently, the Commission authorized a 10 percent SGIP allocation from the \$280 million appropriated non-ratepayer funds toward budget categories including program administration, marketing, education, and outreach, measurement and verification.<sup>43</sup> This alternative

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<sup>40</sup> Pub. Util. Code § 769.3(c)(3). "Minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs."

<sup>41</sup> D.24-05-065 at 118.

<sup>42</sup> "Solar for All," United States Environmental Protection Agency, updated June 7, 2024.

<https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>

<sup>43</sup> D.24-03-071 OP 6 at 99-100.

approach is not only consistent with the SGIP non-ratepayer funding allocations, but it also limits the nonparticipant impacts from the start-up and ongoing program administration costs. If this approach results in insufficient funds for start-up and ongoing program administration costs, the Commission should consider an incremental allocation to comply with the requirements of AB 2316.

### **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.”<sup>44</sup>**

- 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?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

#### **b. Which CCA tariffs should be eligible for the program?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

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<sup>44</sup> 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.<sup>45</sup> 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?**

The Commission should consider whether reporting for various potential tax incentives and funding types may be integrated into existing reporting avenues such as the *California Distributed Generation Statistics* (DGStats)<sup>46</sup> reporting website while complying with the requirements of external funding sources.

Currently, the DGStats website relies on self-reported figures for a project's ITC cost basis, which may not be sufficient to satisfy Commission reporting requirements. The DGStats website notes that "...for 3rd party owned systems the 'Investment Tax Credit (ITC) Cost Basis,' a figure commonly reported in tax filings, is reported. These numbers are self-reported by the applicant of the interconnection application. Users of this information should note that no additional cost verification has been performed on this data."<sup>47</sup> To remedy this, the Commission should consider cost verification for community solar projects receiving ITC benefits. For example, the Commission should require IOUs and CCAs with projects claiming to utilize ITC or other external funding claims for projects to submit an annual Tier 1 advice letter to substantiate and verify claims.

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<sup>45</sup> Arcadia Opening Comments on Proposed Decision at 12-13; TURN Opening Comments on Proposed Decision at 4.

<sup>46</sup> California Distributed Generation Statistics or DGStats includes data for all solar systems interconnected through California's IOUs net energy metering tariffs.

<https://www.californiadgstats.ca.gov/>

<sup>47</sup> "What cost data is available on California DGStats?" Frequently Asked Questions, DGStats.

<https://www.californiadgstats.ca.gov/faq/>

## 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.**

The CRE Program should utilize IOU and CCA-facilitated auto-enrollment to ensure that at least 51 percent of a CRE program project's capacity serves low-income customers. The remaining 49 percent of project capacity should be open to "manual" enrollment for all potential participant classes, including both low-income and non-low-income customers.

Low-income customers at high risk of disconnection would receive the most benefits from the additional bill discounts available through participation in the CRE program. As such, auto-enrollment for low-income customers should prioritize customers at high risk of disconnection, as is currently done with PG&E's auto-enrollment for their DAC-GT program.<sup>48</sup> For simplicity and transparency, the auto-enrollment criteria for the CRE program should be consistent across all IOUs and CCAs and should, at minimum, include participation in arrearage management plans as a criterion.

Opening the remaining 49 percent of project capacity to manual enrollment provides an opportunity for non-low-income customers and low-income customers at a lower risk of disconnection to participate in the CRE program. This approach to enrollment ensures that CRE projects meet AB 2316's requirement that at minimum 51

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<sup>48</sup> D.24-05-065 at 133 (citing D.20-07-008, OP 1 and 2, which authorize auto-enrollment for PG&E DAC-GT and CSGT customers).

percent of CRE project capacity serves low-income customers<sup>49</sup> while giving CRE projects the flexibility to provide service to a broader group of customers as well.

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

As discussed in response to Question 12 above, the Commission should require IOUs and CCAs to focus auto-enrollment on low-income customers at high risk of disconnection. The DAC-GT program offers a flat 20 percent discount on the participants otherwise applicable tariffed rate<sup>50</sup> which may result in a higher bill discount than the CRE program's 20 percent minimum *revenue* share.<sup>51</sup> As such, low-income customers at high risk of disconnection should be auto-enrolled in the more consistent and impactful DAC-GT program first followed by auto-enrollment in the CRE program after the DAC-GT Megawatt (MW) capacity cap is reached.<sup>52</sup> This prioritization for auto-enrollment will provide the largest discounts to the most-at risk customers and the greatest opportunity for low-income customers to participate in the Commission's suite of community renewables programs.

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<sup>49</sup> D.24-05-065 at 123. Citing to Pub. Util. Code § 769.3(c)(2).

<sup>50</sup> D.24-05-065 at 11.

<sup>51</sup> D.24-05-065, OP 1(b) at 168.

<sup>52</sup> D.24-05-065, OP 3 at 170.

## **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?**

The Commission should require a single annual report summarizing all DAC-GT program expenditures for all program administrators. Unlike the current process of individual advice letters for each program administrator, a single report would provide transparency and simplicity of review. This single report need not be a sum of all program administrators' expenses, but a compilation of each individual program administrator's information that is currently reported separately, including line-item actual expenditures and forecasts. The Commission could also leverage the single annual report advice letter to include the Energy Resource Recovery Account forecast and compliance filings for each of the DAC-GT program administrators.

- 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.<sup>53</sup> 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**

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<sup>53</sup> The Independent Evaluators monitoring energy procurement activities are not the same entities as 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.

**procurements, whether or not a Request For Offer results in a selected bid?**

The Independent Evaluator (IE) should submit a report for all IOU DAC-GT procurements regardless of if a Request for Offer (RFO) results in a selected bid. Given D.24-05-065's modifications to the DAC-GT program, the Commission could gain useful knowledge about the program's successes and failures from the IE's report on both successful and unsuccessful RFOs. In particular, D.24-05-065 decreased the frequency of solicitations from twice a year to once a year, allowed for voluntary inclusion of paired storage, modified project siting requirements, and increased program capacity, all of which may make DAC-GT more attractive for project developers and may promote bidder participation in the RFO process.<sup>54</sup> Additionally, because DAC-GT solicitations now will occur only once a year, IE reports will be less frequent and thus less burdensome compared to the prior bi-annual DAC-GT solicitations.

**INCREMENTAL RENEWABLE PROCUREMENT – ALL PARTIES RESPOND**

- 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?**

The Commission must ensure program administrators (PA) meet their Renewable Portfolio Standard (RPS) requirements and track which other resources serve community renewable capacity to ensure that community renewable resources are incremental to RPS resources. D.24-05-065 removed the requirement that only purpose-built dedicated resources may serve GTSR customers (beyond an interim period).<sup>55</sup> However, D.24-05-

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<sup>54</sup> D.24-05-065, OP 3 at 170-171.

<sup>55</sup> D.24-05-065 at 142.

065 still requires *commensurate incremental green power generation* to serve participating customers.<sup>56</sup>

To ensure that participants are served by *incremental* renewable resources, PAs must identify and segregate RPS Renewable Energy Credits (RECs) used to provide service to participants, consistent with the requirements of D.24-05-065. For example, a newly procured RPS-eligible resource and its associated RECs could be earmarked for use in the GTSR program. The Resource/RECs would not count towards RPS compliance and instead would be dedicated solely to the GTSR program. This process would prevent double counting of PA's renewable resources or RECs, while also avoiding the need for dedicated GTSR procurement.

To ensure that these resources are *incremental* to what the PAs would have otherwise procured to satisfy their RPS requirements, the Commission must require that the PAs still procure enough resources to meet their RPS requirements, excluding any resources claimed for the GTSR program. For example, if a PA needed to procure 100 MW of resources in a year to satisfy RPS requirements, and in that year, it "claimed" 20 MW for GTSR, then the PA would need to procure 120 MW of resources overall to satisfy both their RPS requirements and claims for GTSR.

**b. How would program administrators ensure that the renewable energy purchased for modified Green Tariff customers does not result in duplicative procurement?**

Under the framework described in response to Question 17(a), above, general renewable energy procurement would proceed as it does currently and PAs would decide which RPS-eligible resources to "claim" as GTSR resources. As a PA "claims" a resource for GTSR, that resource is taken out of the pool used to satisfy RPS requirements. If all "claimed" resources are tracked and segregated from other RPS resources, there should be no duplicative procurement.

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<sup>56</sup> D.24-05-065 at 142.

- a. **If an approved Integrated Resource Plan or decision does not exist, what would be the correct procedural mechanism for making this determination?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

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.**

Although the change in the modified GT program's procurement approach may negate prior orders to seek Energy Division approval of contracts via Tier 2 advice letters, the change integrates the GT program procurement process with the Integrated Resources Planning process. The framework described in response to Question 17(a) will ensure the modified GT program leads to deployment of clean energy resources incremental to PA's RPS resources and requirements.

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?**

The Commission should continue the IE process to support GT program procurement. Maintaining a transparent, fair, and competitive procurement process for the modified GT program is critical given GT's integration with the IRP and RPS procurement processes. In particular, IEs may help review the changes to the procurement process, identify any concerns, inconsistencies, and provide recommendations to improve the process. Overall, an IE can help protect ratepayers from programmatic inefficiencies and ensure procurement complies with regulatory requirements and programmatic goals.

## **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?**

Cal Advocates has no comments on this issue at this time but may respond to this question in reply comments.

## **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?**

The record in this proceeding of utility reporting costs is insufficiently detailed to determine whether the currently allotted \$330,000 per year is sufficient to implement the reporting requirements described in D.24-05-065. Given the continuous and detailed reporting requirements, the \$330,000 annual budget may not cover all necessary operational expenses and an incremental budget may be needed. If the annual budget is insufficient, the Commission should prioritize utilization of non-ratepayer sources of funding, similar to the recommendation in response to Question 7, above.

- 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?**

As noted in Resolution E-4999 for the DAC-GT program, program administration expenditures encompass a variety of activities including program management, information technology, billing operations, regulatory compliance, and procurement efforts.<sup>57</sup> To promote consistency and transparency, these cost subcategories should be included in the programs' reporting requirements. Similarly, the Resolution requires DAC-GT PAs to include details on the costs for staff time and cost of each outreach delivery method within Marketing, Education, & Outreach (ME&O) budget reports. These costs should be of particular interest to the Commission since D.24-05-065 adopted auto-enrollment for the DAC-GT program, which may result in significantly reduced ME&O expenses. Additionally, the Commission should consider expanding these line-item reporting requirements to the legacy GT and modified GT programs, where applicable, as suggested in response to Question 12, above.

### III. CONCLUSION

The Commission should adopt the recommendations described herein to ensure that the Commission's suite of community renewable programs adopted and modified in D.24-05-065 further the state's environmental goals while improving low-income customers' access to the benefits of distributed generation on a cost-effective basis.

Respectfully submitted,

/s/ MEGAN DELAPORTA

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<sup>57</sup> Resolution E-4999 at 28.