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**OF THE STATE OF CALIFORNIA**

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# COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON PROPOSAL TO MODIFY TIMELINE REPORTING REQUIREMENTS AND APPLICATION FEES

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# COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON PROPOSAL TO MODIFY TIMELINE REPORTING REQUIREMENTS AND APPLICATION FEES

Pursuant to the California Public Utilities Commission's ("Commission") *Administrative Law Judge's Ruling Seeking Comment on Proposal to Modify Timeline Reporting Requirements and Application Fees* ("Ruling"), dated October 8, 2026, the Solar Energy Industries Association ("SEIA") submits these comments.

## I. INTRODUCTION

The Ruling seeks parties' comments on (1) a proposal to modify the Rule 21 timelines and reporting requirements, and (2) interconnection application fees for non-net energy metering ("NEM") and non-net billing tariff ("NBT") projects. SEIA has submitted joint comments with the Interstate Renewable Energy Council, Inc., the California Solar & Storage Association, the California Community Choice Association, the California Energy Storage Alliance, and Pioneer Community Energy on the Ruling's proposal to refashion the Rule 21 timelines. As stated therein, SEIA is opposed to the Ruling's proposal to reformulate the means to ensure timely interconnection of projects under Rule 21 and would ask the Commission to use the record of this proceeding to strengthen the current timelines which are embedded in Commission approved tariffs and to enforce those tariff provisions.

In these comments, SEIA will address the Ruling's proposal addressing the calculation of interconnection application fees for non-NEM/NBT projects and subsequent investor owned utility ("IOU") cost tracking requirements. In short, while SEIA does not oppose a fee structure which attempts to delineate between projects based on certain attributes, it questions whether the delineation advanced in the proposal is adequate. Moreover, given the somewhat arbitrary manner in which the proposal assigns fees to certain size/type of projects, SEIA cannot support the approach by which the fees advanced in the Ruling are calculated. Rather based on the currently available data, SEIA recommends that the Commission issue a decision which:

- Sets the interconnection application fee for all residential non-NEM/NBT interconnection applications for projects 30 kW and less at no more than $200;
- Retains the current application fee of $800 for all non-residential NEM/NBT interconnection applications; and
- Requires each IOU to discern the costs of processing non-NEM/NBT project interconnection applications under guidelines set by the Commission.

## II. THE RULING'S APPLICATION FEE PROPOPOSAL MUST BE MODIFED

The Ruling proposes two criteria by which to assess an application fee schedule for non-NEM/NBT projects:

- Total revenue from application fees should balance total costs to process interconnection projects, to uphold the cost-causation principle and prevent ratepayer impact.
- Application fees should be differentiated among project groupings that have different processing costs, based on potential factors such as size, complexity, project type and/or customer class.

Applying these two criteria the Ruling offers the following illustrative fee schedule:

- Group A (Residential, less than or equal to 15 kW): $400
- Group B (Residential, greater than 15 kW and less than or equal to 30kW): $700
- Group C (Non-residential, less than or equal to 30 kW): $1000

- Group D (All projects greater than 30 kW): $1000 plus $5 per kW over 30 kW, capped at $4000.[1]

The Ruling then seeks parties' input on this construct.

SEIA supports the overall structure of the proposal. Throughout this proceeding, SEIA has advocated for differentiation of application fees based on factors such as size and technology type[2] and the proposal advanced in the Ruling takes a step in that direction. SEIA, however, does seek one clarification with respect to categorization by size – that any kW groupings ultimately adopted refer to the size of the project listed in the application, not the combined size of projects located at the project site. In other words, if the newly applied for project is being installed at a site where another qualifying project is already installed, then only the size of the new project component will be counted.

But while SEIA supports the overall structure of the Ruling's fee proposal, the example fee schedule offered in the Ruling should not be adopted given the arbitrary nature of how it was determined. Indeed, it appears that the fee schedule was results oriented rather than based on any assessment of the actual costs of processing the applications of various types and sizes of non-NEM/NBT projects.[3]

SEIA recognizes that the Commission is dealing with the lack of detailed application processing cost information for non-NEM/NBT projects. While the Commission sought such information from the IOUs, their responses failed to satisfy the Commission's express direction that, where costs vary based on project characteristics such as generating technology or project

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1 The Ruling offers an explanation for how the fee grouping was derived. See, Ruling, Appendix A.

2 *See, e.g. Comments of the Solar Energy Industries Association in Response to the Assigned Commissioner's Scoping Memo and Ruling*, R. 25-08-004 (April 30,2026), pp. 64-65.

3 The methodology put forth in Appendix A to the Ruling appears to take the total non-NEM/NBT application processing costs for each utility for the 2024/ 2025 time frame and then back into what the fees need to be based on that total processing costs and the number of projects in each project category.

size, the utilities were to separate their responses into appropriate cost buckets.[4] None of the IOUs did so. lnstead, they relied on broad averages that collapse vastly different project types and levels of complexity into a handful of undifferentiated cost estimates – i.e., a "one size fits all" approach. The Ruling has made an attempt to work with the data that the IOUs provided in order to advance a more reasoned proposal, However, given the fact that any application fee schedule that is approved in this proceeding will be in place for a significant period of time as the IOUs undertake and report on the data collection exercise contemplated in the Ruling and the Commission acts upon that new data to change the fees, the Commission should at least work with certain of the data they do have to fashion more reasonable fees that are not formulated in a manner that will overcharge a large percentage of customers.

**Residential Non-NEM/NBT Projects**

The Ruling proposes application fees for residential non-NEM/NBT projects of $400 (less than 15 kW) to $700 (less than 30 kW). As noted above, these dollar amounts have no basis in actual costs incurred to process the associated applications. In lieu of these proposed dollar amounts, SEIA submits that the Commission should fashion a single application fee for all residential non-NEM/NBT projects less than 30 kW based on IOU reported cost data for interconnecting NEM/NBT projects. This results in an application fee of no more than $200.

For the past ten years the IOUs have been required to track and report their costs for the interconnection of NEM projects broken down into four predetermined cost categories: (1) processing/ administration; (2) distribution engineering; (3) metering installation/inspection and commissioning; and (4) facility upgrade costs. This information, which is provided to the

[4] *Administrative Law Judge's Ruling Directing Utilities to Produce Rule 21 Interconnection Application Data,* R. 25-08-004 (July 14, 2026) (what is referred to as the "Fee Ruling" in Appendix A to the Ruling).

Commission annually, is a source of cost data for the interconnection application process of all NEM/NBT customers less than 1 MW. As can be discerned from the IOUs' latest submissions, the vast majority of these costs fall into the "facility upgrades" category – a category of costs which non-NEM/NBT projects pay directly in addition to the current $800 interconnection application fee applicable to all such projects.[5]

There is no evidence that non-NEM/NBT projects are more complex to process or impactful on the grid than NEM/NBT projects. Indeed, in some cases, notably non-exporting systems, the non-NEM/NBT projects are likely to have fewer system impacts than NEM/NBT systems. Given this fact the cost data on the interconnection of NEM/NBT systems for the three cost categories applicable to non-NEM/NBT projects is a good proxy for the costs of interconnecting non-NEM/NBT systems.

Each of the IOUs' latest submissions of NEM/NBT interconnection cost data illustrates that when accounting for the three cost categories applicable to non-NEM/NBT projects - processing/ administration, (2) distribution engineering, (3) metering installation, inspection and commissioning – the cost of interconnection is substantially lower than the $800 fee that these projects are currently paying. Of the three IOUs, the highest average cost of interconnection was approximately $200 (PG&E) and was less for the other two IOUs.

[5] See Rule 21, Table E.2 "Summary of Producer Cost Responsibility" (showing the customer is responsible for distribution upgrade costs)

**IOU NEM/NBT Interconnection Costs (Reported September 2026)**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| IOU | Processing/ Admin | Distribution Engineering | Meter Installation/ Inspection/ Commissioning | Total Costs | Number of Projects Interconnected | Cost per Project (D÷ E) |
| PG&E[6] | $10,550,445 | $4,771,311 | $175,075 | $15,496,831 | 75,878 | $204 |
| SCE[7] | $3,358,477 | $3,046,113 | $349,123 | $6,753, 713 | 65,302 | $103 |
| SDG&E[8] | $ 4,197,729 | $753,748 | $1,065,424 | $6,016,901 | 32,073 | $188 |

When looking at this NEM/NBT cost data as a proxy for residential non-NEM/NBT systems less than 30 kW, the Commission should bear in mind that the data reflects the costs expended in these three categories over a year period for all NEM/NBT projects less than 1 MW. Thus, it includes the costs of processing projects that are significantly larger than the size of the projects under consideration here for the residential sector – under 30 kW. This fact illustrates that use of this cost data for non-NEM/NBT residential projects would result in an application fee that more likely than not overstates the costs. However, given the lack of better data at this time, SEIA believes that it is reasonable to do so.

6 Pacific Gas and Electric Company Advice 7988-E (September 18, 2026), Attachment A

7 Southern California Edison Company Advice 5891-E (September 18, 2026), Attachment A.

8 San Diego Gas & Electric Company Advice 4899-E (September 18, 2026), Attachment A.

Finally, if the Commission believes that it is necessary to set the same fee applicable in all three IOU territories, then SEIA does not object to it being the highest average costs of the three - $200. Indeed, SEIA would note that adjusted for inflation, this $200 equates with the $150 application fee set for NEM systems ten years ago.

**Non-Residential Projects**

For non-residential projects, the Ruling proposes a minimum interconnection application fee of $1000, with an additional $5 for each additional kW over 30 kW, capped at $4000. The result of this construct is that very small sized projects will pay $1000 while any project 630 kW or above will pay the maximum interconnection application fee of $4000. These fees are not cost based and appear to be completely arbitrary.

First, looking at the data which was utilized to calculate the illustrative fee schedule, Table 1 in Appendix A to the Ruling shows that PG&E had 3272 non-residential projects that were less than 15 kW in size, while the other two IOUs had *none.* This divergence between the IOUs raises a red flag as to the accuracy of data keeping. Setting that aside, there is no demonstrated cost basis for charging comparable sized residential and non-residential projects significantly different fees solely based on their customer classification (the non-residential would have to pay $600 more than their residential counterparts). SEIA is not asserting that there is no difference in processing costs between residential versus non-residential projects, but what that difference is has not been demonstrated by the data provided by the IOUs. Certainly, there is no justification for increasing the interconnection application fee for these small non-residential projects from the current $800 fee to $1000.

The arbitrariness of the methodology used to calculate the illustrative fee schedule for non-residential projects is further illustrated when looking at the results for larger non-residential

projects. As stated previously, all projects 630 kW or larger will pay the maximum $4000 fee. This means that a 630 kW project will pay the same fee as a project that at minimum is eight times larger (5 MW), of which SCE indicated it connected 168 in the past year.

SEIA recognizes that interconnection application fees cannot be customized for every project and that as of matter of course there will be some projects that pay more than it costs and some projects will pay less. That said, the illustrative fee schedule set forth in the Ruling for non-residential projects is simply too blunt. Until the Commission obtains more accurate cost data from the IOUs, there is no basis to increase the interconnection application fee for any non-residential project above its current $800 level.

**Revenue Impact of SEIA's Recommendations**

Applying the criteria advanced in the Ruling that "total revenue from application fees should balance total costs to process interconnection projects," Appendix A to the Ruling states that the proposed fee schedule is designed to collect $8 million in revenue across the three IOUs. It goes on to state that "[t]the reported total processing cost across all three utilities as reported in the utility responses to the Fees Ruling is about $7 million." It is unclear as to why Staff would propose a fee schedule that would result, based on the IOUs own calculations, in one or more of the IOUs over collecting their costs. Such does not adhere to the criteria that total revenue equal total costs. But, setting that aside, the record demonstrates that the IOUs "responses to the Fees Ruling" were riddled with defects and cannot be relied upon.[9] Data in those responses should not be used as basis to set non-NEM NBT application fees. Thus, the fact that SEIA's proposal may result in collections of less than $8 million (or even $7 million) is not basis for its rejection.

[9] *See Reply Comments of the Solar Energy Industries Association and the Clean Coalition to Investor Owned Utilities Responses to Administrative Law Judges Ruling Directing Utilities to Produce Rule 21 Application Data*, R. 25-08-004 (August 28, 2026) ("SEIA Interconnection Cost Comments").

There simply is no credible record evidence that the IOUs require that level of revenue collection annually to cover the costs of non-NEM/NBT applications.

**Next Steps**

SEIA appreciates the Ruling recognizing that the non-NEM interconnection application costs data submitted by the IOUs to date is insufficient to construct a fee schedule based on actual costs incurred. Accordingly, SEIA supports the Ruling's proposal to have the IOUs collect cost-accounting data on the actual processing costs incurred for a sample of projects in each of defined project groups over a predetermined period of time.

SEIA agrees that the Commission should determine a sample size for each category of projects and determine certain protocols such that the collection of application processing costs is done in a consistent manner by each of the IOUs. SEIA however disagrees that the sample size should be based on historical project volume over the two year period 2024-2025. Rather the sample size should be forward looking reflecting expected market growth as efficiencies are gained with the number of applications processed. Moreover, the sample should be of sufficient size to ensure that any outlier projects do not impact the average cost of processing. Finally, there should not be a defined sampling period. An IOU should not commence sampling until that IOU has implemented, and documented for the Commission, an initial set of basic process improvements, such as have been discussed on the record.[10] These process improvements should help reduce costs. Once sampling begins, the period of data collection should run until the IOU has collected actual cost data on the number of projects in the sample size. In each case, after an IOU has collected and assimilated the data it should be submitted to the Commission and served

[10] *See Reply Comments of the California Solar & Storage Association on the Utilities Responses to the Ruling Requesting Data on the Costs of Processing Non-NEM/NBT Interconnection Applications,* R.25-08-004 (August 28, 2026), pp. 5-6 (e.g., only online applications required, public facing detailed application guidelines).

on the service list. At that juncture any party should be able to petition for a change to the interconnection application fees adopted in this proceeding.

## III. CONCLUSION

For the above stated reasons, SEIA submits that the Commission should issue a decision which:

- Sets the interconnection application fee for all residential non-NEM/NBT interconnection applications for projects 30 kW and less at no more than $200;
- Retains the current application fee of $800 for all non-residential NEM/NBT interconnection applications; and
- Requires each IOU to discern the costs of processing non-NEM/NBT project interconnection applications under guidelines set by the Commission.

Respectfully submitted this 29th day of October, 2026, at San Francisco, California.

By: /s/
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