FILED
11/05/26
04:59 PM
R2508004

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Update Distribution Level Interconnection Rules and Regulations.	Rulemaking 25-08-004 (Filed August 14, 2025)

JOINT REPLY COMMENTS OF THE VEHICLE-GRID INTEGRATION COUNCIL AND ALLIANCE FOR AUTOMOTIVE INNOVATION ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON PROPOSAL TO MODIFY TIMELINE REPORTING REQUIREMENTS AND APPLICATION FEES

Zach Woogen
Executive Director

Grace Pratt
California Policy Director

Vehicle-Grid Integration Council
1401 21st St., Suite 5409
Sacramento, California 95811
Telephone: (279) 895-7855
Email: vgicregulatory@vgicouncil.org

Cory Bullis
Director, Energy & Environment Policy

Alliance for Automotive Innovation
1415 L Street, Suite 1190
Sacramento, CA 95814
Email: cbullis@autosinnovate.org

Date: November 5, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Update Distribution Level Interconnection Rules and Regulations.	Rulemaking 25-08-004 (Filed August 14, 2025)

JOINT REPLY COMMENTS OF THE VEHICLE-GRID INTEGRATION COUNCIL AND ALLIANCE FOR AUTOMOTIVE INNOVATION ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON PROPOSAL TO MODIFY TIMELINE REPORTING REQUIREMENTS AND APPLICATION FEES

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Vehicle-Grid Integration Council and Alliance for Automotive Innovation (collectively, "Joint VGI Parties") hereby submit these reply comments on the *Administrative Law Judge's Ruling Seeking Comment on Proposal to Modify Timeline Reporting Requirements and Application Fees* issued October 8, 2026.

I. INTRODUCTION.

The Joint VGI Parties appreciate the opportunity to respond to parties' opening comments on the Commission's proposed modifications to Rule 21 timeline reporting requirements and interconnection application fees.

In these reply comments, the Joint VGI Parties emphasize three recommendations. First, the Commission should clarify that isolated backup power systems are not subject to Rule 21 interconnection requirements. Second, the Commission should establish reasonable interconnection application fees of approximately $200 for small residential systems, consistent with the recommendations of numerous parties and the available cost data for comparable NEM systems. Third, the Commission should ensure that fee structures do not unnecessarily penalize customers for enabling exports or adding new generating facilities to existing project sites. These

recommendations will help reduce unnecessary barriers to the adoption of bidirectional EV charging systems, ensure utilities can cover *reasonable* application review costs, and maintain appropriate interconnection requirements.

II. RULE 21 IS NOT APPLICABLE TO ISOLATED BACKUP POWER SYSTEMS.

In the Ruling, the Commission proposes to track the application timelines associated with backup power notifications.[1] However, this proposal does not make sense for isolated backup power systems, since they are not subject to Rule 21, and the notification process does not have an associated timeline, nor require an authorization. As Ford and Tesla explain, Rule 21 has historically applied to generating facilities that operate in parallel with the grid, while isolated backup systems are subject to notification-only requirements.[2] This treatment was confirmed by the utilities, with SDG&E noting that "A true non-parallel backup generator is reviewed under SDG&E's service standards outside Rule 21."[3] PG&E notes that the Commission's notification proposal "should not apply to Isolated Operation backup systems because these systems do not connect to PG&E's system pursuant to Rule 21."[4]

The Joint VGI Parties are concerned that the Ruling's proposal to track backup system notifications for isolated systems could inadvertently suggest that isolated backup systems require utility authorization under Rule 21. As explained above, the existing notification process does not require customers to obtain utility approval before operating isolated backup systems. In contrast, momentary parallel systems do require a full Rule 21 interconnection application and do not use a notification-only process. However, neither of these existing processes fit the Ruling's proposal.

[1] Ruling at 3.
[2] Ford Opening Comments at 5-8, Tesla Opening Comments at 15.
[3] SDG&E Opening Comments at 3.
[4] PG&E Opening Comments at 5.

The Joint VGI Parties therefore recommend that the Commission clarify that isolated backup power systems, including bidirectional EV charging systems operating exclusively in isolated backup mode, are not subject to Rule 21 interconnection application, approval, or fee requirements. Any consideration of expanding Rule 21 applicability to these systems should be addressed separately through the appropriate scope of this proceeding.

III. SMALL, RESIDENTIAL INTERCONNECTION APPLICATION FEES SHOULD BE BASED ON THE FEES FOR SIMILAR NEM SYSTEMS AT THIS STAGE.

In Opening Comments, the Joint VGI Parties recommended reducing small residential interconnection application fees to $200. Overall, there is broad agreement among parties that interconnection application fees for small residential non-NEM and non-NBT systems should be substantially reduced to approximately $200 or less. SEIA recommends a fee of no more than $200 for residential systems up to 30 kW.[5] Tesla recommends a $200 fee for residential systems up to 15 kW.[6] Ford recommends fees of $150 for systems up to 15 kW and $200 for systems between 15 and 30 kW.[7] CALSSA recommends fees of $150 for non-exporting systems up to 30 kW and $200 for exporting systems up to 30 kW.[8] Clean Coalition recommends fees closer to $100, with an interim ceiling of $200.[9] While these parties differ somewhat in their recommended fee structures, **their recommendations consistently demonstrate that the Ruling's proposed fees of $400 to $700 for small residential systems are substantially higher than warranted by the available evidence.**

[5] SEIA Opening Comments at 2.
[6] Tesla Opening Comments at 6.
[7] Ford Opening Comments at 13-14.
[8] CALSSA Opening Comments at 10-11.
[9] Clean Coalition Opening Comments at 9.

As discussed by multiple parties, **the record does not currently contain sufficiently comprehensive and comparable cost data to support the Ruling's proposed fee levels. Importantly, the utilities themselves acknowledge the limitations of the cost data underlying the proposed fees.** PG&E concedes that "utilities have not historically tracked interconnection processing costs according to the project groupings and fee categories" [10] and, therefore, the fee schedule is relying merely on currently available cost estimates and assumptions. Similarly, SDG&E acknowledges that its reported processing costs are "experience-based estimates rather than project-specific accounting results."[11] These admissions demonstrate that the utilities have not yet established a reliable, consistent accounting of actual costs for the proposed project categories.

Until the utilities provide reliable cost information demonstrating that non-NEM and non-NBT interconnection applications require materially different processing costs than comparable NEM and NBT applications, the Commission should use the fees for similarly situated NEM systems as the basis for establishing small residential interconnection application fees.

a. <u>The record is not clear that exporting vs. non-exporting systems have distinct costs.</u>

In Opening Comments, some parties propose creating different fees for exporting and non-exporting projects. While the Joint VGI Parties recognize that certain exporting systems may require additional technical review depending on their size, location, and potential impacts on the distribution system, the record also does not sufficiently establish that exporting and non-exporting generating facilities necessarily impose materially different interconnection processing costs at this time.

[10] PG&E Opening Comments at 12.
[11] SDG&E Opening Comments at 14.

Of the three IOUs, only SCE estimates differentiated costs between export and non-exporting systems, stating that "the review requirements for export and non-export projects differ more meaningfully."[12] Estimated differences in processing times were reflected in SCE's interconnection cost data. However, neither PG&E nor SDG&E seem to share this view that processing costs differ significantly between exporting and non-exporting projects. This may be because SCE estimates many more hours of engineering review overall, estimating 6.5 - 10 hours of engineering review compared to PG&E's roughly 1.6 - 2.7 hours of engineering review per application and SDG&E's base of 1 hour of engineering review (with additional engineering hours as needed).[13]

Given the wide range of estimates for engineering review and the lack of consensus on significant cost differences between non-exporting and exporting projects, the Joint VGI Parties recommend that the Commission not differentiate fees between these two project types at this time.

b. <u>Capacity determinations should be based on the configured capacity of additional facilities being added, not the aggregate nameplate size of all generating facilities.</u>

The Joint VGI Parties oppose SCE's recommendation to calculate interconnection fees based on the aggregate capacity of all generating facilities at a customer's premises, including previously interconnected resources. This approach would result in disproportionately high fees for customers adding relatively small generating facilities to sites with existing residential solar or storage systems, even when the incremental application involves only a single new resource.

In its opening comments, SCE provides an example in which a customer adding a 10 kW bidirectional EV charging system to an existing solar-plus-storage installation would be assessed

[12] SCE Opening Comments at 21.
[13] SCE Response to Interconnection Data Ruling at 3; PG&E Response to Interconnection Data Ruling at 2; SDG&E Response to Interconnection Data Ruling at 3.

a $1,035 interconnection fee because the aggregate capacity of all generating facilities at the premises would total 37 kW.[14] Under this approach, the customer would be subject to a higher fee tier based largely on generating facilities that have already completed the interconnection review process. SCE states:

> "Aggregate Generating Facility Capacity is the value used to evaluate the Rule 21 Fast Track screens (not the incremental) and is a reasonable proxy because projects with a Generating Facility Capacity over 30 kW trigger additional technical screens, including short-circuit-duty and related engineering review."[15]

Notably, SCE has not demonstrated that aggregate nameplate capacity is an appropriate proxy for the costs of reviewing an incremental interconnection application. Previously interconnected generating facilities have already undergone technical review, and the addition of a small generating facility does not necessarily require the same level of engineering review as a new installation of equivalent aggregate capacity. As such, the Commission should disregard SCE's recommendation.

The Joint VGI Parties disagree that the total installed nameplate generating capacity at a customer's premises is an appropriate basis for determining the fee associated with an incremental interconnection application. SCE's approach would also create inequitable outcomes for customers seeking to adopt bidirectional EV charging systems. A customer installing a standalone 10 kW bidirectional EV charging system could face a substantially lower fee than a customer installing the identical system at a home with existing solar and storage, even though the incremental equipment and proposed operating capabilities may be similar.

Instead, the Joint VGI Parties agree with SEIA and Tesla that interconnection application fee tiers should be based on the configured capacity of the new generating facility seeking

[14] SCE Opening Comments at 17.
[15] SCE Opening Comments at 17.

interconnection, rather than the aggregate nameplate capacity of all generating facilities at the premises. As SEIA explains, the applicable fee grouping should reflect "the size of the project listed in the application, not the combined size of projects located at the project site."[16] Tesla similarly recommends that the Commission determine fees based on the new capacity seeking interconnection, not the aggregate capacity of all onsite DERs.[17]

The Joint VGI Parties therefore recommend that, for purposes of determining the applicable interconnection application fee tier, the Commission use the configured capacity of the new equipment being added, rather than the aggregate capacity of all existing and proposed generating facilities at the premises.

IV. CONCLUSION.

The Joint VGI Parties appreciate the opportunity to reply to comments on this Ruling. We look forward to continued collaboration with the Commission and stakeholders on these issues.

Respectfully submitted,

/s/ Zach Woogen
Zach Woogen
Executive Director
VEHICLE-GRID INTEGRATION COUNCIL

/s/ Cory Bullis
Cory Bullis
Director Energy & Environment Policy
ALLIANCE FOR AUTOMOTIVE INNOVATION

Date: November 5, 2026

[16] SEIA Opening Comments at 3.
[17] Tesla Opening Comments at 8.