PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ITEM # 12 (Rev. 1)
AGENDA ID#16766

ENERGY DIVISION **RESOLUTION E-4946**
September 13, 2018

R E S O L U T I O N

Resolution E-4946. Addressing administrative procedures implementing TOU period grandfathering proposals filed by Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company in compliance with Decision 17-01-006.

PROPOSED OUTCOME:
Approves proposals by Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) for administrative procedures implementing time-of-use (TOU) period grandfathering for eligible behind-the-meter solar customers.

SAFETY CONSIDERATIONS:
- There is no impact on safety.

ESTIMATED COST:
- No incremental costs are identified.

By Advice Letter PG&E (5039-E) filed on March 30, 2017 as Supplemented (5039-E-A) on June 20, 2018 and Substitute Sheets for AL 5039-E filed on July 3, 2017; SCE (3582-E) filed on March 30, 2017 as Supplemented (3582-E-A and 3582-E-B) on April 26, 2017 and June 20, 2018; and SDG&E (3063-E) filed on April 3, 2017, as Supplemented (3063-E-A) on June 6, 2017.

SUMMARY

This Resolution approves proposals for administrative procedures implementing time-of-use (TOU) period grandfathering, in order to facilitate the following objectives: (1) ensuring eligible behind-the-meter customers are permitted to maintain grandfathered TOU periods for five to ten years, and (2) enabling customer migration to new TOU periods upon expiration of grandfathered TOU periods.

As discussed in detail below, the IOUs' ALs, as supplemented, fulfill the requirements of Decision (D).17-01-006[1] as modified by D.17-10-018 (Limited Modification Decision).[2] This Resolution adopts each IOU's modified proposal for TOU period grandfathering and migration to new TOU periods.

BACKGROUND

Overview of the Framework, Guiding Principles, and Mitigation Measure

D.17-01-006 adopted a framework for designing, implementing, and modifying the time intervals reflected in TOU rates.[3] Specifically, the Decision adopted high-level principles to apply in rate proceedings where TOU time periods and TOU rate design elements will be adopted.[4] As part of the guiding principles, each IOU is to take steps to minimize the impact of TOU peak period changes on customers who have invested in on-site renewable generation or technology to conserve energy during peak periods, in order to provide more predictability for these customers. The California Public Utilities Commission (Commission) found it reasonable to adopt grandfathering for customers that have incurred

[1] Decision Adopting Policy Guidelines to Assess Time Periods for Future Time of Use Rates and Energy Resource Contract Payments, November 1, 2016 (D.17-01-006), p. 78.
[2] Decision Granting Limited Modification and Otherwise Denying Petition for Modification of Decision D.17-01-006, September 18, 2017 (D.17-10-018), p. 20.
[3] D.17-01-006, p. 2.
[4] *Id*.

costs in solar systems that were configured and installed based on old TOU periods in order to mitigate the impacts of an adjustment to these periods.

D.17-01-006 adopted a specific mitigation measure in the form of grandfathering TOU periods and applied the measure to certain customers who have installed behind-the-meter solar systems. This grandfathering protection only applies to the TOU time periods, not the rate values within those fixed TOU periods, including methods for allocating costs to TOU periods and setting specific rate levels, which will be litigated in utility-specific rate proceedings.

Certain residential net energy metering (NEM) customers taking service under the NEM successor tariff were given the right to retain TOU periods for five years under D.16-01-044, and are therefore expressly excluded from the grandfathering provisions in D.17-01-006.[5] The Commission found that the same five-year grandfathering period adopted in D.16-01-044 is also reasonable for the residential customers covered in the limited grandfathering under D.17-01-006.

In light of the differences between residential and non-residential rates treatment, however, it was found that a longer period of ten years is reasonable for non-residential customers.[6] Non-residential customers are on mandatory TOU rates, and may have decided to invest in solar based on their initial TOU periods. In contrast, residential customers automatically take service on a tiered-rate unless they affirmatively opt in to a TOU rate.

Today, customers should be aware of the reality of changing rate designs and TOU periods since the IOUs began proposing changes going back to 2013.[7] The Commission stated in D.17-01-006 that there is sufficient information available at this time about changing rates for prospective solar customers to consider these changes when making investment decisions.[8]

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[5] *Id.*, p. 48.
[6] *Id.*, p. 50.
[7] *Id.*, p. 49.
[8] *Id.*

Compliance with OP 5 in D.17-01-006

Pursuant to Ordering Paragraph (OP) 5 of D.17-01-006, PG&E and SCE each filed their TOU period grandfathering administrative procedures for eligible behind-the-meter customers on March 30, 2017, followed by SDG&E on April 3, 2017, in compliance with the following requirements:

> Each of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall ensure that customers with existing behind-the-meter solar be permitted to maintain time-of-use (TOU) rate periods for five to ten years. This period for retaining TOU periods applies only to qualified customers on the terms and conditions set forth below. Each investor-owned utility (IOU) is permitted to structure an alternative but equivalent mitigation measure for these customers, but any such alternative must be approved by the Commission. To minimize the administrative burden of retaining time periods for these customers, each IOU should propose procedures, such as setting a limited number of dates each year on which to migrate these customers to new TOU periods, that will ease administration. Each IOU, or the IOUs collectively, shall meet with parties to consider administrative procedures and each IOU shall file its own Tier 3 Advice Letter with specific administrative procedures no later than March 31, 2017. [See Background for administrative procedures terms and conditions.]

Specifically, D.17-01-006 required PG&E, SCE, and SDG&E (collectively, the IOUs) to:

- Implement limited grandfathering of existing TOU rate periods for five and ten years[9] under certain terms and conditions for qualified customers who have incurred costs in solar technology investments based on current TOU time periods, in order to mitigate the impacts of an initial adjustment to these periods.

[9] Five years for residential customers; Ten years for non-residential customers

- Either individually or as a group, hold a "meet-and-confer" with other parties to discuss administrative options, and to consider the comments from such meetings.

- Submit proposals to address how to reduce the administrative burden of maintaining grandfathered customers, including switching grandfathered customers to new TOU periods in a manner that is reasonable, consistent with the decision, and at a minimum frequency of once per year.

Terms and Conditions for Grandfathering in D.17-01-006

The specific terms and conditions set forth in D. 17-01-006 for maintaining TOU rate periods for five to ten years, are as follows:[10]

- **Customer Eligibility:** Applies to (a) residential customers with on-site solar systems, who opt-in to a TOU tariff prior to the Grace Period End Date as defined below and (b) non-residential customers. This transition does not apply to customers who are already permitted to stay on a TOU rate for five years pursuant to Decision 16-01-044.

- **Eligibility Grace Period End Date:**
  - Schools: December 31, 2017
  - All Others: July 31, 2017

- **System Eligibility:** A system for which (i) an initial interconnection application is filed no later than January 31, 2017 and (ii) the interconnection applications, including final building inspection, is completed at any time prior to the Grace Period End Date is eligible. The system must be designed to offset at least 15% of the customer's current annual load.

[10] *Id.*, p. 79.

- **Duration:**
  - For residential systems, this transition mitigation measure continues for five years after issuance of a permission to operate (PTO). In no event shall the duration continue beyond July 31, 2022.
  - For non-residential systems, this transition mitigation measure continues for ten years after issuance of a PTO. In no event shall the duration continue beyond December 31, 2027 (for schools) or July 31, 2027 (for all other non-residential).

- **Attributes:** This transition mitigation measure allows the customer to maintain the same TOU periods for the duration. Other changes in rate design, including allocating marginal costs to TOU periods and setting specific rate levels, will be litigated in utility-specific rate proceedings.

Petition for Modification of D.17-01-006 and Subsequent Revisions

A Petition for Modification of D.17-01-006 was filed on March 2, 2017 jointly by the Solar Energy Industries Association (SEIA) and the California Solar Energy Industries Association (CALSEIA). In D.17-10-018, the Commission adopted a modest modification to the interconnection-on-file deadline to provide an opportunity for public agencies, including schools, proceeding in good faith to get project approvals in sufficient time.[11] In addition, the Eligibility Grace Period End Date was eliminated in light of the fact that construction can be affected by numerous matters outside of the customer's control, like permitting or utility review.[12] However, no changes were made to the duration of the grandfathering periods nor to the dates after which grandfathering may not be extended.
The IOUs each filed Tier 2 ALs with revisions modifying their TOU period grandfathering procedures and the applicable terms and conditions set forth in OP 5 of D.17-01-006, as follows:[13]

[11] D.17-10-018, p. 12.
[12] *Id.*, p.14; Although the Eligibility Grace Period End Date is eliminated, residential customers are still required to be served on a TOU rate prior to July 31, 2017 in order to be eligible for TOU period grandfathering.
[13] D.17-10-018, p. 20. The Eligibility Grace Period End Date is eliminated in its entirety. The Duration and Attributes terms and conditions are unchanged.

- **Customer Eligibility:** Applies to (a) residential customers with on-site solar systems, who opt-in to a TOU tariff prior to July 31, 2017 and (b) non-residential customers. This transition does not apply to customers who are already permitted to stay on a TOU rate for five years pursuant to Decision 16-01-044.

- **System Eligibility**: A system for which an initial interconnection application is filed no later than January 31, 2017, or for Public Agency customers, 60 days following the issuance of this decision.[14] The system must be designed to offset at least 15% of the customer's current annual load.

- **Duration:**
  - For residential systems, this transition mitigation measure continues for five years after issuance of a PTO. In no event shall the duration continue beyond July 31, 2022.
  - For non-residential systems, this transition mitigation measure continues for ten years after issuance of a PTO. In no event shall the duration continue beyond December 31, 2027 (for schools) or July 31, 2027 (for all other non-residential).

- **Attributes**: This transition mitigation measure allows the customer to maintain the same TOU periods for the duration. Other changes in rate design, including allocating marginal costs to TOU periods and setting specific rate levels, will be litigated in utility-specific rate proceedings.

Overview of the IOUs' Proposed Administrative Procedures

According to its AL and corresponding substitute sheets, PG&E's proposed administrative procedures include the following elements:[15]

[14] December 31, 2017 is sixty days after the issuance of D.17-10-018.
[15] PG&E AL 5039-E, pp. 3-9, substitute sheets pp. 1-2.

- Identification of qualified customers and eligible systems
- Education and outreach strategies for transitioning grandfathered customers to a new rate option with new TOU periods
- Migration procedures for those customers whose grandfathered TOU period has ended

According to its AL, as supplemented, SCE's proposed administrative procedures include the following elements:[16]

- Identification of qualified customers and eligible systems
- Notification procedures for grandfathered customers of their upcoming rate change prior to the expiration of their grandfathered TOU term
- Migration procedures for those customers whose grandfathered TOU period has ended

According to its AL, as supplemented, SDG&E's proposed administrative procedures include the following elements:[17]

- Identification of qualified customers and eligible systems
- Procedures to notify customers of their upcoming rate change prior to the expiration of their grandfathered term
- Procedures to transition grandfathered customers to new TOU periods upon the expiration of a customer's applicable TOU period grandfathered term

PG&E and SCE addressed their required meetings with other parties to discuss administrative options in their ALs, while SDG&E addressed these requirements in a supplemental AL filed June 6, 2017.

[16] SCE AL 3582-E-A, pp. 3-9.
[17] SDG&E AL 3063-E-A at pp. 2-3.

NOTICE

Notice of AL 5039-E, AL 5039-E-A, AL 3582-E, AL 3582-E-A, AL 3582-E-B, AL 3063-E, and AL 3063-E-A was by publication in the Commission's Daily Calendar. PG&E, SCE, and SDG&E state that a copy of the AL was mailed and distributed in accordance with General Order 96-B.

PROTESTS

PG&E's AL 5039-E was timely protested by the California Solar Energy Industries Association (CALSEIA), and a letter of support of CALSEIA's protest was filed by the California Farm Bureau Federation (CFBF) on April 24, 2017. PG&E replied to CALSEIA's protest in a letter dated April 26, 2017. SCE's AL 3582-E was also timely protested by CALSEIA and by the Solar Energy Industries Association (SEIA), and SCE replied to this protest in a letter dated April 26, 2017. SDG&E's AL 3063-E was timely protested jointly by 41 public schools in the San Diego area (collectively, the Public Schools), and SDG&E replied to this protest in a letter dated April 28, 2017.

PG&E AL 5039-E

CALSEIA's protest of PG&E's AL 5039-E addressed two TOU period grandfathering eligibility issues: (1) Projects that undergo design changes during interconnection review and require application resubmittal after the initial interconnection application due date, and (2) Generating accounts under net energy metering aggregation (NEMA) that do not have load independent of the generating facility.

In its reply to CALSEIA, PG&E stated it has established processes for accommodating changes to eligible TOU period grandfathering interconnection applications. With respect to determining eligibility for generating accounts under NEMA, PG&E stated, "…despite the fact that TOU period grandfathering is irrelevant if the generating account has no load, PG&E agrees to allow

generating accounts with no load to be eligible for TOU period grandfathering along with the other accounts in the NEMA configuration."[18]

SCE AL 3582-E

The CALSEIA and SEIA protests of SCE's AL 3582-E questioned the propriety of language in the AL related to grandfathered rate structures, as SCE indicated rate structures would be filed and litigated in its upcoming 2018 General Rate Case (GRC) Phase 2 proceeding. In particular, CALSEIA and SEIA protested SCE's references to specific rate options for grandfathered customers.

In its reply, SCE agreed that the appropriate venue for addressing specific grandfathered rate options is its upcoming 2018 GRC Phase 2 Application and stated that it would file a supplemental AL to remove all references to specific rate options for grandfathered customers.

SDG&E AL 3063-E

The Public Schools protested SDG&E's AL 3063-E with respect to an inadequate definition of the term "schools" and proposed that the definition include the following: all accounts held by public school districts serving students in kindergarten through grade 12 and county offices of education. In its reply, SDG&E indicated that as proposed in its AL, SDG&E intended to file a Tier 2 AL to provide, among other things, TOU grandfathering definitions, including the Public Schools' proposed definition.

DISCUSSION

PG&E's Proposed Administrative Procedures

We find that PG&E's proposed procedures for (1) identifying customers and systems eligible for TOU period grandfathering, (2) permitting eligible customers to maintain grandfathered TOU periods for a specified duration, and (3)

[18] PG&E's Reply to the Protest of AL 5039-E, p. 4.

migration to new TOU periods for those customers whose grandfathered TOU period has ended are reasonable and consistent with D.17-01-006, as modified by D.17-10-018.

PG&E proposes that non-residential customers in the process of interconnecting solar systems that offset at least 15 percent of the customer's pre-solar electric load as of January 31, 2017[19] be permitted to maintain their existing TOU period for 10 years from the customer's PTO date, not to extend beyond December 31, 2027 (for schools) or July 31, 2027 (for all other non-residential).[20]

PG&E considers existing customers with behind-the-meter solar systems in operation as of the Decision issuance date of January 23, 2017 to be qualified for grandfathering. PG&E plans to not apply the 15 percent load offset system eligibility requirement to these systems as it believes that these customers are not attempting to "lock in" a legacy TOU period by installing only a token amount of on-site solar generation before January 23, 2017. We agree with this approach and acknowledge that the gaming potential is minimal for customers with existing systems prior to the date of issuance of the Decision.

PG&E reached its NEM cap on December 15, 2016.[21] PG&E proposes that Schedule EV customers with an interconnection application submitted by December 15, 2016 (NEM EV Customers) be grandfathered on their TOU hours for five years from the customer's PTO date, as established by D.17-01-006, not to extend beyond July 31, 2022.[22] Residential customers with behind-the-meter solar on PG&E's Schedule E-6 are already eligible to remain on existing TOU periods under the Settlement approved in D.15-11-013.[23] In addition, D.15-11-013 implemented PG&E's Schedule E-TOU.[24]

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[19] Pursuant to D.17-10-018, Public Agencies, including Schools, have 60 days following the issuance of D.17-10-018, or until December 31, 2017, to file an initial interconnection application.
[20] Interconnection construction completion dates originally submitted in PG&E's AL 5039-E are no longer applicable, pursuant to D. 17-10-018.
[21] The NEM program enrollment limit in D. 14-03-041 is often referred to as the "NEM cap".
[22] D.16-01-044 established grandfathering for NEM 2.0 customers applying for interconnection after December 15, 2016. Residential customers permitted to stay on a TOU rate for five years pursuant to D.16-01-044 are not eligible for grandfathering established by D.17-01-006.
[23] In consideration of the substantial investments that customers have made in solar, the Settlement Agreement provides a seven-year glidepath that gradually transitions E-6 customers to a more cost-based rate with updated

Footnote continued on next page

PG&E proposes that certain residential and non-residential customer accounts with a benefitting account (or a generating account where considered a benefitting account) on a rate schedule with behind-the-meter load be included as eligible for grandfathering along with the eligible generator account in accordance with the rate schedule on which the benefitting account takes service, assuming the associated solar system meets the eligibility requirements of D.17-01-006.[25] PG&E further proposes that benefitting accounts added to an arrangement after the Customer Eligibility Grace Period End Date will not receive TOU period grandfathering, and that benefitting accounts removed from an arrangement after the Customer Eligibility Grace Period End Date will lose their eligibility for TOU period grandfathering.[26]

TOU grandfathering eligibility will apply to non-bundled PG&E customers taking generation from a Community Choice Aggregation (CCA) provider, or an Energy Service Provider (ESP), as well as those receiving bundled service from PG&E. CCAs and ESPs set the generation component rate for PG&E non-bundled customers. However, while for many of PG&E's rate schedules only the generation component varies based on the TOU period, for other rate schedules (e.g., AG-5 and E-20), the distribution component also varies with TOU periods.

PG&E's Implementation of Ordering Paragraph 5 in D.17-01-006

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period hours and seasons. The initial summer peak is 1 pm to 7 pm, moving to a 3 pm to 8 pm peak in 2021 and then to a 4 pm to 9 pm peak in 2022.

[24] The Settlement Agreement also implements two new, more cost-based, opt-in TOU offerings consistent with the RROIR decision, E-TOU-A and E-TOU-B. These TOU offerings facilitate customer choice in that one provides a 3 pm to 8 pm initial summer peak, moving to a 4 pm to 9 pm peak in 2020 and the other provides a 4 pm to 9 pm summer peak.

[25] Applies to: residential customers who take service on NEMA, NEMV, and NEMVMASH under the corresponding NEM schedule; non-residential customers who take service on NEMA, NEMV, and NEMVMASH under the corresponding NEM or NEM2 schedule and Schedule RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer).

[26] D.17-10-18 eliminated interconnection construction completion dates; "Customer Eligibility Grace Period End Date" was changed to "PTO is issued" in AL 5188-E.

PG&E proposes to implement OP 5 through a combination of adding language to each of its TOU rate schedules, as well as to its Rule 1 tariff.[27] Specifically, PG&E proposes to add language to the Applicability section of each of its TOU rate schedules to note that certain qualifying customers with solar systems who meet certain requirements shall be permitted to maintain (i.e., be grandfathered on) their existing TOU rate periods for either five or ten years after they received their PTO as described in Rule 1.

In addition, Rule 1 has been revised in PG&E's proposal to state that for the purpose of TOU period grandfathering, "PTO" refers to the original permission to operate date as issued by PG&E for the eligible solar system and that subsequent requests to modify that previously approved system do not restart the transition mitigation period once the new PTO is issued nor can any changes alter its original TOU grandfathering eligibility.

As a point of clarification, we note that this Rule 1 proposal addresses grandfathering eligibility for modifications made *after* the interconnection process is complete and does not apply to an applicant's new interconnection request received by PG&E before the applicable deadline.[28] Modifications made *during* the interconnection process are addressed in PG&E's Electric Rule No. 21 tariff, Section F.[29] Under certain circumstances, as outlined in Rule 21, customers can make modifications[30] during the interconnection process that do not require them to withdraw and re-submit their interconnection requests.

On June 20, 2018, at Energy Division staff's request, PG&E filed Supplemental AL 5039-E-A to provide clarification regarding allowing customers with such

[27] Approved tariffs in Decision (D.)18-08-013 on PG&E's 2017 General Rate Case (GRC) Phase 2 proceeding are pending implementation.

[28] Per D.17-10-018, December 31, 2017 for Public Agencies; January 31, 2017 for all customers

[29] PG&E's Rule 21 Section F.2.a. describes the rules around changes for all interconnection requests in the Fast Track study process. Per Section F.2.a, "no changes may be made to the planned Point of Interconnection or Generating Facility size included in the Interconnection Request during the Fast Track Process, *unless such changes are agreed to by Distribution Provider* (emphasis added).

[30] Section F of PG&E's Electric Rule No. 21 refers to such modifications as "minor changes".

modifications to their pending interconnection requests to remain eligible for TOU period grandfathering. In AL 5039-E-A, PG&E provides a list of acceptable changes[31] that would allow a pending interconnection request to remain eligible for TOU period grandfathering once the PTO is issued, provided that the initial interconnection request was submitted by the applicable deadlines adopted in D.17-01-006 and D.17-10-018, and that the interconnection request remains compliant with Electric Rule 21 for the duration of the application.

At the direction of ED staff, substitute sheets were filed that provide additional detail regarding PG&E's proposed education and outreach strategies for transitioning non-residential customers with behind-the-meter solar to new TOU periods once their grandfathering expires. Specifically, the proposed education and outreach strategies will be consistent with the proposal described in PG&E's 2017 GRC Phase 2 Proceeding and includes general awareness education through multiple channels and targeted outreach to customers who are most likely to see bill increases due to TOU time period changes, as well as person-to-person outreach for highly impacted customers.

For non-residential customers with behind-the-meter solar whose TOU grandfathering has expired, PG&E proposes migration to the customer's new TOU period once per year with the start of their billing cycle after March for Agricultural customers and after November for all other non-residential customers. Similarly, for qualified residential customers, migration will take place once per year, with the start of their billing cycle after November.

PG&E Protested Issues

In its protest, CALSEIA requests clarification regarding solar system projects that undergo design changes during interconnection review. It states that Rule 21 directs utilities to perform an engineering analysis a second time if there is a "Material Modification" to the system design, which results in PG&E requiring

[31] Acceptable changes include: 1) Modifying the generating facility size after the initial application has been submitted but prior to any Engineering Review; and 2) Decreasing the generating facility size during or after an Engineering Review has been completed, see AL 5039-E-A for additional details.

the customer to submit a new application, and specifically requests that in such cases a customer's initial application date be maintained.

In its reply to CALSEIA's protest, PG&E does not specifically address Rule 21 which defines an Interconnection Request as including an applicant's request to make a material modification to the operating characteristics of an existing interconnected generating facility.[32] However, PG&E clarified the process already in place to link new applications to existing applications that will retain the grandfathering eligibility for projects with an initial application submitted by the applicable deadline (per D.17-10-018, December 31, 2017 for Public Agencies; January 31, 2017 for all customers) and for which the solar system still meets all other eligibility requirements. As Rule 21 requires a new Interconnection Request for material modifications, we clarify that new applications with material modifications would only preserve grandfathering eligibility if filed before the applicable deadline.

In addition, PG&E addresses CALSEIA's protest regarding NEMA generating accounts by clarifying that excluding generating accounts with no load from TOU period grandfathering will have no impact on TOU period credits or the time when any credit values are determined. Further, PG&E agrees to allow generating accounts with no load to be eligible for TOU period grandfathering along with the other accounts in the NEMA configuration.

ED Staff has reviewed PG&E's reply to CALSEIA's protest and finds that PG&E has provided adequate clarification to address it, subject to the modification provisions included in Rule 21. We agree that this adequately resolves this protest.

PG&E Limited Modification Decision Compliance Filing

[32] For the complete definition of Interconnection Request, see Footnote 29.

PG&E's AL 5188-E was reviewed by ED Staff and satisfactorily incorporates the TOU period grandfathering provisions adopted for eligible solar customers in D.17-10-018.[33]

SCE's Proposed Administrative Procedures

SCE's proposed procedures for identifying customers and systems eligible for TOU period grandfathering, as well as the proposed procedures for permitting eligible customers to maintain grandfathered TOU periods for a specified duration, are reasonable and consistent with D.17-01-006, as modified by D.17-10-018. In addition, the migration procedures to new TOU periods for those customers whose grandfathered TOU period has ended are reasonable.

SCE proposes that non-residential customers in the process of interconnecting solar systems as of January 31, 2017[34] be permitted to maintain their existing TOU rate for a 10 year period from the customer's individual interconnection date (i.e. original PTO date).[35] Any grandfathered accounts remaining after December 31, 2027 (for schools) or July 31, 2027 (for all other non-residential) are to migrate to their new Base TOU Period Rate on January 1, 2028, and August 1, 2027, respectively. We agree with this approach to grandfathering and migration of non-residential customers.

SCE proposes that residential customers in the process of interconnecting solar systems as of January 31, 2017 should be permitted to maintain their existing TOU rate for a 5 year period from the customer's individual interconnection date (i.e. original PTO date).[36] Any grandfathered accounts remaining after July 31, 2022 are to migrate to their new Base TOU Period Rate on August 1, 2022. We agree with this approach to grandfathering and migration of residential customers.

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[33] PG&E's AL 5188-E approved July 24, 2018.
[34] Pursuant to D.17-10-018, Public Agencies, including Schools, have 60 days following the issuance of D.17-10-018, or until December 31, 2017, to file an initial interconnection application.
[35] Interconnection construction completion dates originally submitted in SCE's AL 3582-E are no longer applicable, pursuant to D. 17-10-018.
[36] *Id.*

The Decision specifies that a customer's solar generating facility is to be designed to offset at least 15 percent of the customer's current annual load. SCE proposes to exclude systems of existing customers[37] from the 15 percent requirement, since they would have had no incentive to install a token amount of generation just to lock-in legacy TOU periods as the TOU period grandfathering concept didn't exist when these customers submitted their applications. We agree that the likelihood of token system installation is minimal for customers with existing systems prior to the date of issuance of the Decision.

SCE offers a study which shows a de minimus number of customers who filed interconnection applications prior to January 31, 2017 who did not meet the system eligibility requirement of 15 percent offset of current load. SCE concludes that customers did not install token systems to game the TOU period grandfathering provisions prior to January 31, 2017.

ED staff requested SCE's specific findings regarding customers who filed interconnection applications between the issuance of D.17-01-006 on January 23, 2017 and January 31, 2017.[38] Out of 1,478 interconnection applications filed during this period, 14 (or less than 1 percent) didn't have systems sized at the 15 percent requirement. SCE states that when reviewing the 14 applications, it was disclosed that 4 accounts have since closed, bringing the total down to 10, of which almost all are school district or water district accounts. SCE indicates that even though these accounts do not meet the 15 percent requirement, the smallest system size is still 44 kW, which it considers to not be a token system. We concur with SCE's conclusion that customers did not install token systems to game the TOU period grandfathering provisions.

SCE's Implementation of OP 5 in D.17-01-006

For all grandfathered systems, SCE proposes that expansions and/or modifications to the systems will not impact grandfathering eligibility or

[37] SCE proposed defining "existing customers" using the date of issuance of the Proposed Decision as the cut-off.
[38] Data Request Set R.15-12-012 Energy Division-AL 3582-E-A-SCE-001.

duration. The grandfathering period will continue to be based on the system's original PTO date. As a point of clarification, we note that this proposal addressing grandfathering eligibility does not apply to an applicant's new interconnection request received by SCE before the applicable deadline[39] to effect certain changes to an existing generating facility that is interconnected with a distribution provider's distribution or transmission system, as defined in SCE's Electric Rule No. 21 tariff.[40]

Modifications made during the interconnection process are addressed in SCE's Rule 21 tariff, Section F.[41] Under certain circumstances, as outlined in Rule 21, customers can make modifications[42] during the interconnection process that do not require them to withdraw and re-submit their interconnection requests. On June 20, 2018, at Energy Division staff's request, SCE filed supplemental AL 3582-E-B. This supplemental filing clarifies that customers who submit their original interconnection requests by the TOU period eligibility deadlines will remain eligible for TOU period grandfathering even if they make modifications during the interconnection process, provided the customer is not required under the provisions of Rule 21 to withdraw their original interconnection request and re-submit a new one after the TOU period eligibility deadlines have passed.

Further, SCE proposes that if a customer self-elects to change rate options to a rate that does not have legacy TOU periods prior to the conclusion of their grandfathering period, the customer will forfeit any remaining eligibility on their legacy TOU period rate option.

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[39] Per D.17-10-018, December 31, 2017 for Public Agencies; January 31, 2017 for all customers.

[40] SCE's Rule 21, p. 17, defines an Interconnection Request as follows: "An Applicant's request to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with Distribution Provider's Distribution or Transmission System."

[41] SCE's Rule 21 Section F.2.a. describes the rules around changes for all interconnection requests in the Fast Track study process. Per Section F.2.a, "no changes may be made to the planned Point of Interconnection or Generating Facility size included in the Interconnection Request during the Fast Track Process, *unless such changes are agreed to by Distribution Provider* (emphasis added).

[42] Section F of E's Rule 21 refers to such modifications as "minor changes".

For certain nonresidential customer groups, SCE proposes to implement default Critical Peak Pricing (CPP) concurrent with the implementation of its 2018 GRC Phase 2 proposals (A.17-06-030), expected to be in Q1 2019.[43] To help avoid customer confusion and potential frustration, SCE proposes to exclude grandfathered accounts from default CPP. SCE's concern is that grandfathered accounts will have an on-peak period of 2 pm to 6 pm. If these accounts are then defaulted to CPP with event periods from 4 pm to 9 pm as proposed, customers may face high pricing periods from 2 pm to 9 pm, which may not allow a sufficient number of lower cost hours on those days to which usage may be shifted. We agree that the default CPP transition should exclude accounts grandfathered under the Decision.

SCE proposes to allow Feed-in Tariff (FiT) customers with solar generating facilities to be eligible for TOU period grandfathering if they have an "Excess Sale" power purchase agreement (PPA), to the extent of their behind-the-meter on-site load only. Additionally, SCE proposes to extend the grandfathering provisions adopted in the Decision to both the generating and benefiting / aggregated accounts that take service on tariffs that allow for the virtual allocation of kilowatt-hours (kWh) or dollars associated with the output of an eligible solar generating facility not directly interconnected to or on the same site as the account receiving the credits, provided that the benefiting / aggregated accounts are included in the original arrangement eligible for grandfathering.[44]

DA and CCA customers pay generation rates set by their alternative service provider and delivery rates set by SCE. Currently, only SCE's generation rates (not delivery rates) are time-differentiated. Therefore, presently there is nothing for SCE to grandfather for these customers.

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[43] A.16-09-003 (SCE's 2016 RDW application), testimony at p. 85, as updated by OP 2 of Decision (D.)18-07-006.

[44] This applies to the following: residential customers who take service on NEM-A, NEM-V, and MASH-VNM under the corresponding NEM schedule; non-residential customers who take service on NEM-A, NEM-V, and MASH-VNM under the corresponding NEM or NEM2 schedule and Schedule RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer)

SCE plans to provide proactive communications to grandfathered customers with expiring TOU periods regarding their transition to a new rate option with new TOU periods. These communications include bill messages about the transition on their SCE billing statements prior to their migration date.

SCE proposes to establish an annual migration date each year for customers with behind-the-meter solar whose TOU grandfathering has expired. Non-residential customers eligible for migration would transition to rates with current TOU periods at the start of the customer's next billing period that occurs immediately on or after October 1 (Annual Migration Date). At the start of the customer's next regular billing period that falls on or after October 1, eligible customers will be transitioned from their legacy TOU period rate option to a rate option with a new base TOU period. Similar to the non-residential proposal discussed above, SCE proposes to establish a November 1 annual migration date each year for all residential customers whose grandfathering eligibility has expired.

SCE Protested Issues

ED Staff has reviewed the supplemental AL filed by SCE in reply to CALSEIA's and SEIA's protests and believes that SCE's revisions in the supplemental AL adequately resolve those protests. In its reply, SCE removes all references to any specific rate options and/or structures for grandfathered customers, and instead indicates that the rate options and/or structures applicable to grandfathered customers will be addressed in SCE's upcoming 2018 General Rate Case (GRC) Phase 2 application. We agree that this adequately resolves these protests.

SCE Limited Modification Decision Compliance Filing

SCE's AL 3706-E, as supplemented, was reviewed by ED Staff and found to satisfactorily incorporate the TOU period grandfathering provisions adopted for eligible solar customers in D.17-10-018.[45]

SDG&E's Proposed Administrative Procedures

Upon the adoption in August 2017 of the decision[46] addressing SDG&E's 2016 General Rate Case (GRC) Phase 2 application proceeding, grandfathering provisions consistent with D.17-01-006 for eligible solar customers were affirmed, to be effective December 1, 2017. Thus, December 1, 2017 marked the initiation of TOU period grandfathering for eligible SDG&E customers.

Terms and conditions pertaining to the Decision and the Limited Modification Decision were added to the applicable residential and non-residential time variant rate schedules as Special Conditions and included definitions of: 1) TOU Period Grandfathering; 2) TOU Period Grandfathering Eligible Customer Generator;[47] and 3) TOU Period Grandfathering Term. ED Staff reviewed SDG&E's proposed rate schedules[48] and found them to satisfactorily incorporate the TOU period grandfathering provisions adopted for eligible solar customers in D.17-01-006 and D.17-10-018.

Qualified customers and eligible solar systems are adequately defined for implementation of the administrative procedures. In Attachment A to the AL, SDG&E defines these terms as: (1) a residential customer with an on-site solar system, who opts into a TOU tariff prior to July 31, 2017 and (2) non-residential customers with an on-site solar system. These customers must have: (1) filed an initial interconnection application by January 31, 2017 and (2) achieved completion of the interconnection application, including final building inspection

[45] SCE AL 3706-E approved on 3/12/18.
[46] Decision (D.)17-08-030.
[47] Pursuant to D.17-01-006, TOU period grandfathering does not apply to residential solar customers who take service under Schedule NEM-ST and are already permitted to stay on a TOU rate for five years pursuant to D.16-01-044.
[48] As presented in SDG&E's AL 3145-E approved in May 2018.

by July 31, 2017 or, for schools, December 31, 2017. The on-site solar system must be designed to offset at least 15% of the customer's current annual load.

TOU period grandfathering periods for residential customers is defined as beginning upon issuance of a PTO the customer's onsite solar system and continuing for 5 years, not to extend beyond July 31, 2022, and for non-residential customers the grandfathering period begins upon issuance of a PTO the customer's onsite solar system and continues for 10 years, not to extend beyond July 31, 2027 (December 31, 2027 for Schools).

Additional customer TOU grandfathering eligibility definitions include Virtual Net Metering (VNM), Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT), and NEM Aggregation customers (both generating and all benefitting accounts), assuming their associated solar systems meet the eligibility requirements of D.17-01-006.

However, SDG&E's billing system is not currently designed to support multiple TOU periods for customer accounts in a single NEM aggregation or VNM arrangement. SDG&E determined that building in this capability would require substantial time and expense and would not be possible in time for its December 1, 2017 TOU period implementation. In order to ensure the administrative efficiency of TOU grandfathering and to preserve the expected value of the customer's solar investment, SDG&E proposes that all VNM and NEM aggregation customers who elect a TOU rate option be required to take service on the grandfathered TOU period structure (i.e., a three period structure with an on peak period of 11am-6pm). This interim treatment would continue until SDG&E can develop in its billing system the capability to carry multiple TOU periods and structures in a VNM arrangement or NEM aggregation.

SDG&E's grandfathered customers with expiring grandfathered periods will receive a communication notifying them of their upcoming rate change approximately one month prior to the expiration of their grandfathered term. Upon the expiration of a customer's applicable TOU period grandfathered term, the customer will begin taking service under current (otherwise applicable) TOU periods, starting with the customer's next bill cycle.

SDG&E Protested Issues

ED staff has reviewed the revisions to the applicable tariffs and believes that the Public Schools' definition proposed in its protest is adequately included therein. The applicable rate schedules state that "Public Agency customers [are] defined here as public schools, colleges and universities; federal, state, county and city government agencies; municipal utilities; public water and/or sanitation agencies; and joint powers authorities." We agree that this adequately resolves the Public Schools' protest.

Meet and Confer Requirements

As required by OP 5 of the Decision, the IOUs each held a "meet and confer" on the following dates: March 9, 2017 for PG&E, March 17 for SDG&E, and March 22, 2017 for SCE. These events satisfactorily address the OP 5 requirement for each IOU.

Summary

In summary, we find that PG&E's AL 5039-Eand its corresponding substitute sheets, and 5039-E-A, SCE AL 3582-E, 3582-E-A, and 3582-E-B as well as SDG&E AL 3063-E and 3063-E-A are compliant with the requirements of OP 5 of D.17-01-006 as modified by D.17-10-018. These ALs should be approved accordingly.

COMMENTS

Public Utilities Code Section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on August 10, 2018. SCE and the Counties of Santa Clara and San Joaquin (Counties) filed comments on the draft resolution on September 4, 2018.

In its comments, SCE requested that the implementation date of the changes to SCE's Critical Peak Pricing (CPP) referenced in the draft resolution be updated from October 2018 to Q1 2019 to align with the proposed implementation of SCE's 2018 GRC Phase 2 proposals. The decision on SCE's 2016 RDW application authorized CPP changes to be no sooner than February 2019 and to be implemented concurrent with any rate changes adopted in SCE's 2018 GRC Phase 2 proceeding.[49] Accordingly, the draft resolution has been changed to reflect the updated implementation period.

In their comments, Counties requested that PG&E's Rule 1 tariff be changed to reflect that RES-BCT schedule customers may determine whether a benefitting account eligible for TOU period grandfathering will take service on a grandfathered or new TOU period (i.e. that the benefitting account is not required to take service on a grandfathered rate schedule). Counties also requested clarification as to whether benefitting accounts shall be permitted to remain linked to the relevant grandfathered generating account for bill credit purposes.

We decline to direct PG&E to add language to its Rule 1 tariff to accommodate Counties' request. At the time that rates with new TOU periods are implemented, customers that are eligible for TOU period grandfathering are already permitted to continue to take service under a grandfathered TOU period rate schedule, or to take service under a new TOU period rate schedule. This option would apply to one or more benefitting accounts eligible for TOU period grandfathering associated with a generating account eligible for TOU period grandfathering. In addition, we decline to address the issue of bill credits, as this is outside the scope of PG&E's AL 5039-E and AL 5039-E-A.[50]

[49] Decision (D.)18-07-006, p. 68.
[50] See General Order (GO) 96-B Section 7.4.2.

FINDINGS

1. In D.17-01-006, the Commission specified that new TOU periods should be introduced in a manner that reduces or mitigates negative impacts on customers.
2. In D.17-01-006, the Commission established the qualifying attributes of customers with existing behind-the-meter solar who are eligible to remain on existing TOU periods during a five or ten-year transition, depending on customer type.
3. OP 5 in D.17-01-006 directed PG&E, SCE, and SDG&E to develop administrative procedures proposals for TOU period transition mitigation measures (e.g. "grandfathering") for certain eligible customers under certain terms and conditions, after consideration of other parties' meet-and-confer comments.
4. In D.17-10-018, the Commission adopted a modest modification to the interconnection-on-file deadline specified in D.17-01-006 to provide an opportunity for public agencies to get project approvals in sufficient time.
5. In D.17-10-018, the Commission eliminated the Eligibility Grace Period End Date specified in D.17-01-006.
6. OP 2 in D.17-10-018 directed PG&E, SCE and SDG&E to conform their tariffs to the limited modifications to D.17-01-006 adopted in D.17-10-018.
7. PG&E's proposed procedures for (1) identifying customers and systems eligible for TOU period grandfathering, (2) permitting eligible customers to maintain grandfathered TOU periods for a specified duration, and (3) migration to new TOU periods for those customers whose grandfathered TOU period has ended are reasonable and consistent with D.17-01-006, as modified by D.17-10-018.
8. TOU grandfathering eligibility is subject to the modification provisions included in Rule 21 tariffs.
9. SCE's proposed procedures for (1) identifying customers and systems eligible for TOU period grandfathering, (2)permitting eligible customers to maintain grandfathered TOU periods for a specified duration and 3)

migration to new TOU periods for those customers whose grandfathered TOU period has ended are reasonable and consistent with D.17-01-006, as modified by D.17-10-018.

10. The likelihood of token system installation is minimal for customers with existing systems prior to the date of issuance of the Decision.
11. SCE's data supports its conclusion that customers did not install token systems to game the TOU period grandfathering provisions.
12. For certain non-residential customer groups, grandfathered TOU periods combined with proposed default CPP event periods may not allow a sufficient number of lower cost hours on event days to which usage may be shifted.
13. December 1, 2017 marked the initiation of TOU period grandfathering for eligible SDG&E customers.
14. SDG&E's applicable residential and non-residential time variant rate schedules satisfactorily incorporate the TOU period grandfathering provisions adopted for eligible solar customers in D.17-01-006 and D.17-10-018.
15. SDG&E's AL 3063-E and AL 3063-E-A comply with OP 5 of D.17-01-006 as modified by D.17-10-018.

THEREFORE IT IS ORDERED THAT:

1. PG&E AL 5039-E with substitute sheets as supplemented, SCE AL 3582-E as supplemented, and SDG&E AL 3063-E as supplemented, are approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 13, 2018; the following Commissioners voting favorably thereon:

_____
ALICE STEBBINS
Executive Director