

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**RESOLUTION E-4999  
May 30, 2019**

**R E S O L U T I O N**

**Resolution E-4999.** Pursuant to Decision 18-06-027, Approving with Modification, Tariffs to Implement the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs.

**PROPOSED OUTCOME:**

- Approves, with modifications, Pacific Gas and Electric Company's (PG&E's) Advice Letter (AL) 5362-E/E-A , Southern California Edison Company's (SCE's) AL 3851-E/E-A, and San Diego Gas & Electric Company's (SDG&E's) AL 3262-E/E-A/E-B to create Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) rates, in compliance with Decision (D.)18-06-027.

**SAFETY CONSIDERATIONS:**

- The Commission previously authorized the DAC-GT and CSGT programs to enhance access to renewable energy for residents of DACs living in PG&E's, SCE's, and SDG&E's service territories. As a result, there are not any expected incremental safety implications associated with approval of this Resolution.

**ESTIMATED COST:**

- The costs to implement the DAC-GT and CSGT programs have yet to be determined. In addition, the impact on rates cannot be estimated at this time because these programs are to be funded through greenhouse gas allowance proceeds and only if insufficient revenue is available, then through public purpose program funds.

By PG&E AL 5362-E, filed on August 20, 2018, PG&E AL 5362-E-A, filed on February 13, 2019, SCE AL 3851-E, filed on August 20, 2018, SCE AL

3851-E-A, filed on February 27, 2019, SDG&E AL 3262-E, filed on August 20, 2018, SDG&E AL 3262-E-A, filed on August 24, 2018, and SDG&E AL 3262-E-B, filed on January 24, 2019.

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## **SUMMARY**

This Resolution approves, with modifications, Pacific Gas and Electric Company's (PG&E's) Advice Letter (AL) 5362-E/E-A, Southern California Edison's (SCE's) AL 3851-E/E-A, and San Diego Gas & Electric Company's (SDG&E's) AL 3262-E/E-A/E-B to create tariffs to implement the new Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs. The California Public Utilities Commission (the Commission) requires PG&E, SCE, and SDG&E (the Investor Owned Utilities or IOUs) to modify their DAC-GT and CSGT tariffs pursuant to the direction provided in this Resolution on issues that were raised in the protests, on aspects of program implementation that were treated inconsistently across the IOUs, and on aspects of the IOUs' proposed program implementation plans that contradict program rules established in Decision 18-06-027.

## **BACKGROUND**

On June 22, 2018, the California Public Utilities Commission (the Commission) issued Decision (D.)18-06-027 *Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities* (NEM DAC Decision or Decision), creating three new programs to improve access to renewable generation for residential customers in disadvantaged communities (DACs), pursuant to Assembly Bill (AB) 327 (Perea, 2013).<sup>1</sup> The NEM DAC Decision defined DACs, for the purpose of the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs, as census tracts that are among the top 25 percent most impacted census tracts statewide, using CalEnviroScreen 3.0 scoring.<sup>2</sup> In addition, the Decision included in the definition of DACs 22 additional census tracts that do not have an overall ranking, but that

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<sup>1</sup> Pub. Util. Code § 2827.1 (b)(1). AB 327 required the Commission to develop specific alternatives designed to increase adoption of renewable generation by residential customers in DACs.

<sup>2</sup> D.18-06-027 at Conclusions of Law (COL) 3.

score among the highest 5 percent of CalEnviroScreen's Pollution Burden category.<sup>3</sup> The programs created in D.18-06-027 are the DAC Single-family Solar Homes (DAC-SASH) program,<sup>4</sup> the DAC-GT program, and the CSGT program. The Decision ordered that the programs be funded first through available greenhouse gas (GHG) allowance proceeds and that if those funds are exhausted, then the programs be funded through public purpose program funds.<sup>5</sup>

The NEM DAC Decision established a number of rules for the DAC-GT and CSGT programs, including that all projects must be sited in DACs, as defined by the Decision.<sup>6</sup> The CSGT program has additional local siting requirements, namely that CSGT projects must be sited in DACs and be located within 5 miles of the DACs in which subscribing customers reside. In addition, the Decision established that all San Joaquin Valley (SJV) pilot program communities identified in D.17-05-014 are to be considered DACs for the CSGT program only.<sup>7</sup>

Both the DAC-GT and CSGT programs are available to residential customers who reside in DACs, as defined by the Decision. The DAC-GT program is only available to residential DAC customers who are eligible for either the California Alternate Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program.<sup>8</sup> The CSGT program is available to both CARE- or FERA-eligible and non-income-qualified residential DAC customers (including customers in SJV pilot communities), but 50 percent of a CSGT project's capacity must be subscribed to CARE- or FERA-eligible customers before any non-income-qualified customers are able to participate.<sup>9</sup> In addition, community sponsors may be eligible to subscribe to up to 25 percent of a CSGT project's

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<sup>3</sup> *Id.*

<sup>4</sup> DAC-SASH is a solar installation incentive program for owner-occupied, single-family homes, based on the existing SASH program. DAC-SASH will be run by a statewide program administrator. The DAC-SASH program is not discussed in this Resolution.

<sup>5</sup> D.18-06-027 at Ordering Paragraph (OP) 14.

<sup>6</sup> *Id.* at COL 14, 22.

<sup>7</sup> *Id.* at COL 26.

<sup>8</sup> *Id.* at 51.

<sup>9</sup> *Id.* at COL 23-25.

capacity. Both DAC-GT and CSGT are to provide a 20 percent discount on a participating customer's otherwise applicable tariff.<sup>10</sup>

The Decision required Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E), (collectively the Investor Owned Utilities or IOUs) to file Tier 2 Advice Letters (ALs) to create a DAC-GT tariff and a CSGT tariff.<sup>11</sup> PG&E, SCE, and SDG&E filed their initial program implementation ALs to create DAC-GT and CSGT tariffs on August 20, 2018. SDG&E filed a supplemental AL on August 24, 2018 to correct its AL designation from Tier 1 to Tier 2.

On October 17, 2018, the Commission issued D.18-10-007 to make corrections and clarifications to the NEM DAC Decision. For the DAC-GT and CSGT programs, D.18-10-007 clarified issues regarding the 20 percent bill discount, the withholding of the permission to operate, and the distance requirements for CSGT. The Decision also corrected obvious errors related to program funding and the deadline for filing DAC-GT Balancing Account ALs.

On December 19, 2018, the Commission issued D.18-12-015, *Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects*. Related to the programs at issue in this Resolution, D.18-12-015 allowed CSGT projects in SJV pilot communities to be within a 40-mile radius of the pilot communities they serve, rather than within a 5-mile radius.<sup>12</sup>

All three IOUs filed supplemental ALs to address modifications made to the DAC-GT and CSGT programs in D.18-10-007 and D.18-12-015 and/or to address issues raised in protests. PG&E filed supplemental AL 5362-E-A on February 13, 2019, SCE filed supplemental AL 3851-E-A on February 27, 2019, and SDG&E filed second supplemental AL 3262-E-B on January 24, 2019.

## **NOTICE**

Notice of PG&E AL 5362-E, PG&E AL 5362-E-A, SCE AL 3851-E, SCE AL 3851-E-A, SDG&E AL 3262-E, SDG&E AL 3262-E-A, and SDG&E AL 3262-E-B were

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<sup>10</sup> *Id.* at COL 13.

<sup>11</sup> *Id.* at OP 13.

<sup>12</sup> D.18-12-015 at OP 19(a).

made by publication in the Commission's Daily Calendar. PG&E, SCE, and SDG&E each state that a copy of their ALs were mailed and distributed in accordance with Section 4 of General Order 96-B.

### **PROTESTS**

On September 10, 2018, Peninsula Clean Energy on behalf of itself, Marin Clean Energy, Sonoma Clean Power, and Lancaster Choice Energy (jointly as "Protesting CCAs") submitted a timely protest of PG&E AL 5362-E and SCE AL 3851-E.

Also on September 10, 2018, the Interstate Renewable Energy Council (IREC) and the Sustainable Economies Law Center (SELC) submitted a timely joint response to PG&E AL 5362-E, SCE AL 3851-E, and SDG&E 3262-E.

On September 17, 2018, PG&E and SCE replied to the protest and response to their ALs by the Protesting CCAs and by IREC/SELC. On September 17, 2018, SDG&E replied to the response to its advice letter by IREC/SELC.

The following provides a summary of the major issues raised in the protest and the response, and the IOU replies. For clarity, the issues in the protest and response are discussed separately, followed directly by the IOUs' replies.

#### **Protesting CCAs' Protest of PG&E's and SCE's ALs**

The NEM DAC Decision explicitly grants Community Choice Aggregators (CCAs) the opportunity to develop their own DAC-GT and CSGT programs. The Decision further provides CCAs access to GHG allowance proceeds and public purpose program funds to implement these programs if CCAs file Tier 3 ALs demonstrating how their DAC-GT and CSGT tariffs adhere to all program rules and requirements specified in the Decision.<sup>13</sup> In their protest, the CCAs request that the Commission reject PG&E's and SCE's ALs, or at least withhold approval, until after stakeholder workshops are held to discuss CCA program implementation issues and how CCA DAC-GT and CSGT programs will interact with the IOUs' versions of these programs.

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<sup>13</sup> D.18-06-027 at OP 17.

Noting that the Decision established specific capacity caps for PG&E and SCE of 70 megawatts (MW) each for DAC-GT and 18 MW each for CSGT,<sup>14</sup> the Protesting CCAs seek clarity on how capacity within the program caps will be allocated to CCAs. The CCAs specifically oppose PG&E's proposal that the Commission set near term deadlines for CCAs to: 1) notify the Commission of their intent to launch their own DAC-GT and CSGT programs and specify the amount of eligible load they intend to serve under such programs, and 2) file their Tier 3 program implementation ALs. The CCAs instead suggest alternative timelines that would provide them more time to design their DAC-GT and CSGT programs, including a proposal that would result in the CCAs filing their Tier 3 ALs after the IOUs' first Request for Offers (RFOs). The CCAs assert that at a minimum, the Commission should allow the CCAs at least 90 days after the approval of the IOUs' ALs to specify the eligible load that each CCA intends to serve through their own DAC-GT and CSGT offerings. The CCAs note that under any scenario, "any amount [of program capacity] that remains unused [by a CCA] within a particular timeframe would be returned to the IOU's allocation."<sup>15</sup>

The Protesting CCAs also underscore concerns about cross-subsidization between bundled and unbundled customers and state that accounting and cost recovery using GHG allowance proceeds need to be further discussed in a workshop. The CCAs note that an additional item that should be discussed in a stakeholder workshop is how program implementation timelines can accommodate existing CCAs that expand or new CCAs that launch after the deadline has passed for CCAs to file their program implementation plans. Finally, the CCAs seek guidance on how to address situations in which a CCA expands or a new CCA launches in an area where a CSGT project exists or is in development.

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<sup>14</sup> *Id.* at 53 and 65.

<sup>15</sup> *Protesting CCAs Protest of PG&E's AL 5362-E and SCE's AL 3851-E to Establish and Implement the DAC-GT Program Rate and the CSGT Program Rate* (September 10, 2018) at 4.

**PG&E's and SCE's Replies to the Protesting CCAs**

In their replies, both PG&E and SCE express support for stakeholder workshops to discuss CCA program implementation issues. PG&E requests, however, that the Commission not postpone approval of PG&E's DAC-GT/CSGT implementation AL until after workshops are held, as PG&E asserts that this delay would be detrimental to its DAC customers.<sup>16</sup> PG&E suggests that any modifications to the DAC-GT and CSGT programs that result from future workshops could be incorporated into its program implementation plans via an advice letter filing.

In its reply to the Protesting CCAs, PG&E reiterates its proposed methodology for allocating program capacity initially proposed in its DAC-GT/CSGT implementation AL that: "any IOU MW program participation targets (i.e., PG&E's 70MW for DAC-GT and 18MW for CS-GT) be decremented by the MW amount a CCA in their service territory anticipates serving. The total MW a CCA could serve should be based on the CCA's proportional share of load of eligible customers within the respective IOU's distribution service territory."<sup>17</sup> In Appendix A to its reply, PG&E provides an initial analysis of the number of residential DAC customers in its service territory who were served by CCAs as of September 2018.

PG&E emphasizes in its reply that it is particularly critical for the IOUs to know the capacity allocated to CCAs under the CSGT program because the maximum CSGT project size is 30 percent of the total capacity in an IOU's CSGT program or 3 MW, whichever is larger.<sup>18</sup> PG&E asserts that the IOUs need to know how much capacity CCAs intend to serve before the IOUs issue an RFO so that they can indicate the maximum size of projects allowed under their CSGT solicitations

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<sup>16</sup> *PG&E Reply to Protests from: (1) Peninsula Clean Energy, Marin Clean Energy, Sonoma Clean Power and Lancaster Choice Energy, and (2) The Interstate Renewable Energy Council and the Sustainable Economies Law Center to Advice Letter 5362-E (September 17, 2018)* (PG&E Reply) at 2.

<sup>17</sup> PG&E AL 5362-E (August 20, 2018) at 16.

<sup>18</sup> D.18-06-027 at 73.

based on 30 percent of the total capacity they are allocated under CSGT.<sup>19</sup> PG&E supports the CCAs filing their intended program capacity within 90 days of the IOUs' AL approval and filing Tier 3 ALs 90 days thereafter but requests that PG&E not be required to issue its first RFO until at least six months after the date its DAC-GT/CSGT implementation AL is approved to align with the CCA AL filings. Finally, PG&E asserts in its reply that the accounting and cost-recovery methodology for DAC-GT and CSGT is clear in the Decision and that, therefore, these issues do not need to be further discussed in a workshop as the CCAs request.

### **IREC and SELC's Response to PG&E's, SCE's, and SDG&E's ALs**

IREC and SELC's joint response to PG&E's, SCE's and SDG&E's ALs focuses narrowly on implementation issues related to the CSGT program and does not discuss the DAC-GT program. Many of the issues raised in the response relate to the need to ensure CSGT implementation is consistent both with the directives established in the NEM DAC Decision and across the IOUs' implementation plans to promote fairness to customers across IOU territories and avoid the confusion that could result if there were different standards in different territories.

### **20 Percent Discount on Customer's Entire Bill**

Citing the NEM DAC Decision, IREC/SELC assert that a customer participating in the CSGT program is to experience a 20 percent bill discount off of their entire bill. IREC/SELC note that "both SCE and SDG&E propose to provide the discount only to low-income customers and then only to the generation component of those customers' bills."<sup>20</sup> The respondents further comment that SDG&E's AL lacks sufficient detail to verify its approach and that "it appears

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<sup>19</sup> D.18-06-027 allocated 18 MW each to PG&E and SCE under the CSGT program so the 30 percent of total capacity metric would allow PG&E and SCE to each solicit a maximum project size of 5.4 MW. Any decrement to the IOUs' program caps to allocate capacity to CCA CSGT programs would decrease the maximum project size accordingly, until the 3 MW threshold was reached.

<sup>20</sup> *Response of Interstate Renewable Energy Council and the Sustainable Economies Law Center to Advice Letters 5362-E, 3851-E, 3262-E.* (September 10, 2018) (IREC/SELC Response) at 2.



that SCE intends to charge customers for the cost of resources that would have otherwise been used by the customer, were it not for the CS-GT project.”<sup>21</sup> In short, IREC/SELC urge the Commission to ensure that bill discounts are handled consistently across the three IOUs’ service territories.

#### Project Sponsor’s Bill Discount

On the topic of bill discounts, IREC/SELC also discuss the 20 percent bill discount that is available to eligible project sponsors for up to 25 percent of a CSGT project’s capacity. IREC/SELC advocate that project sponsors should be allowed to retain the bill discount once 50 percent of the project’s capacity is subscribed to eligible low-income (i.e. CARE- or FERA-eligible) customers, even if low-income subscriptions subsequently decrease. The respondents support PG&E’s approach, which allows sponsors to retain bill discounts once the low-income subscription threshold is reached. IREC/SELC assert that not only is this the practical approach, but that it is also important to provide certainty to project sponsors about the benefits they will receive by supporting a CSGT project. The respondents call for SCE and SDG&E to adopt this approach and revise their tariffs so as to not subsequently rescind a sponsor’s bill discount.

#### RFO Timeline

IREC/SELC express concern about delayed implementation of the CSGT program, noting in particular that SDG&E’s AL appears to indicate that program implementation will not occur until 2021. IREC/SELC urge all three IOUs to issue their first RFO by August 1, 2019.

#### Customer Eligibility

Regarding customer eligibility, IREC/SELC advocate that master-metered customers be able to participate in the CSGT program across PG&E’s, SCE’s, and SDG&E’s service territories. The respondents note that all three IOUs appear to exclude master-metered customers and comment that, “[t]his is a significant exclusion because much of the housing throughout California, including in disadvantaged communities, is multifamily housing where master-meters are not uncommon.”<sup>22</sup> Similarly, IREC/SELC assert that PG&E’s exclusion of

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<sup>21</sup> *Id.* at 2-3.

<sup>22</sup> *Id.* at 4.

customers on EVA and EVB rates (Electric Vehicle Rate A and Rate B, i.e., rates not eligible for CARE or FERA) is incorrect because there is no requirement that all CSGT customers be CARE- or FERA-eligible. The respondents call for SCE and SDG&E to also clarify this issue.

#### CSGT Minimum Project Size

Finally, the respondents assert that contrary to the NEM DAC Decision's guidance on the CSGT program, SCE would penalize projects smaller than 500 kilowatts (kW) by requiring these projects to be proportionally responsible for SCE's costs associated with aggregation, including additional telemetry, metering, interconnection, and administrative costs. IREC/SELC note that the Decision explicitly states there is no minimum size for CSGT projects and as such, "the Energy Division should ensure that the utilities do not place unnecessary impediments on smaller sized projects."<sup>23</sup>

#### **PG&E's, SCE's, and SDG&E's Replies to IREC/SELC's Response**

##### 20 Percent Discount on Customer's Entire Bill

In their replies to IREC/SELC, both SDG&E and SCE clarify that they are applying the 20 percent bill discount to a customer's otherwise applicable tariff and that, therefore, a qualified customer will experience a 20 percent discount compared to their total otherwise applicable bill. SCE asserts in its reply, however, that "SCE interprets the Decision to require the Community Solar Green Tariff program 20-percent discount to be only for low-income customers."<sup>24</sup>

##### Project Sponsor's Bill Discount

Regarding IREC/SELC's assertion that a CSGT project sponsor should be able to retain the 20 percent bill discount once the 50 percent low-income threshold is reached, all three IOUs agree that this is the correct approach. PG&E already included language in its AL to enable project sponsors to retain bill credits even if low-income subscriptions subsequently fall below 50 percent. SCE agreed in its reply to make the necessary change to its implementation plan and submitted

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<sup>23</sup> *Id.*

<sup>24</sup> *Southern California Edison Company's Reply to Protest to SCE Advice 3851-E* (September 17, 2018) (SCE Reply) at 4.

supplemental AL 3851-E-A on February 27, 2019, in part to enact this provision. SDG&E generally agreed with this approach but intends to retain some flexibility, stating in its reply, “While SDG&E’s CSGT tariff contains no automatic trigger for removing Community Sponsor eligibility in the event of the low-income participation falling below 50% of the project capacity, SDG&E also declines to offer a guarantee of Community Sponsor eligibility for projects that do not continue to meet the programs [sic] intent.”<sup>25</sup>

### RFO Timeline

In their replies, PG&E and SDG&E argue against IREC/SELC’s request that the IOUs issue the first RFO by August 1, 2019. SCE is silent on this issue in its reply. PG&E notes that community sponsors should have access to Marketing, Education, and Outreach (ME&O) funding prior to the first RFO for CSGT. As such, PG&E seeks a minimum of six months between the approval of the ME&O plan and budget before the first RFO. SDG&E reiterates that program implementation will be impacted by its customer billing system freeze that will occur as part of its billing system replacement,<sup>26</sup> concluding, “SDG&E believes that the only responsible action is to delay CSGT solicitations until 2020 so that customer enrollment will align with the integration of our new billing solutions.”<sup>27</sup>

### Customer Eligibility

On customer eligibility, PG&E agrees with IREC/SELC that master-metered customers should be eligible to participate in CSGT once the 50 percent low-income threshold is met. PG&E filed supplemental AL 5362-E-A on February 13, 2019, in part to adjust its CSGT tariff to allow master-metered customers to participate. In contrast, SCE and SDG&E assert that master-metered customers should be prohibited from participating in the CSGT program because the IOUs do not have consumption data for tenants and the tenants are not IOU

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<sup>25</sup> *SDG&E’s Reply to the Interstate Renewable Energy Council and the Sustainable Economies Law Center’s Joint Response to Advice Letter 3262-E* (September 17, 2018) (SDG&E Reply) at 4.

<sup>26</sup> See Decision 18-08-008, Decision Granting Authority to Implement Customer Information System Replacement Program and Approving Settlement Agreement.

<sup>27</sup> SDG&E Reply at 5.

customers. SCE also notes that, “If SCE applied the discount to the master-metered account, the savings would go to the property owner and SCE would have no way to guarantee or verify the property owner passes those savings on to its tenants.”<sup>28</sup>

PG&E separately agreed that customers on EVA and EVB rates (i.e., rates not eligible for CARE or FERA) are eligible to participate in CSGT once the 50 percent low-income threshold is met but clarified that non-income-qualified customers cannot participate in DAC-GT. PG&E filed supplemental AL 5362-E-A on February 13, 2019, in part to adjust its CSGT tariff to allow customers on EVA and EVB rates to participate. SDG&E clarified in its reply that customers on SDG&E’s EV rates (EVTOU2, EVTOU5) are eligible for CARE and FERA.<sup>29</sup>

#### CSGT Minimum Project Size

Regarding minimum project size for the CSGT program, SCE asserts in its reply that projects must be able to aggregate to 500 kW as the RFO for CSGT should adhere to the Green Tariff Shared Renewables (GTSR) criteria and under the GSTR Decision (D.15-01-051), each GTSR installation must generate 500 kW-20 MW and be eligible to bid into the CAISO market. Both PG&E’s and SDG&E’s replies clarify that they will not require a minimum system size for CSGT projects.

### **DISCUSSION**

The discussion section is arranged into three parts. The first part addresses issues raised in the Protesting CCAs’ protest of PG&E’s and SCE’s ALs. The second part addresses issues identified in IREC/SELC’s response to all three IOUs’ ALs. The third part addresses aspects of program implementation that were treated inconsistently by the IOUs, that contradict direction provided in the Decision, or that warrant clarification.

#### **Disposition of the Protesting CCAs’ Protest**

This section will address the issues raised in the Protesting CCAs’ protest.

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<sup>28</sup> SCE Reply at 4.

<sup>29</sup> SDG&E Reply at 6.

The Commission recognizes that CCAs are serving an increasing share of customers statewide, and the NEM DAC Decision provided a path for CCAs to develop their own DAC-GT and CSGT programs to enhance access to renewable energy for residents of the disadvantaged communities they serve. The primary concern raised by the Protesting CCAs is that the Commission ensures that CCAs will have sufficient time to develop their own DAC-GT and CSGT programs, if they elect to do so. In contrast to PG&E's proposal, the Protesting CCAs seek additional time to notify the Commission and the IOUs of the CCAs' intent to develop DAC-GT and CSGT programs and the amount of capacity they intend to procure under each program. The Protesting CCAs also seek clarity on the date by which CCAs must file their Tier 3 ALs demonstrating that their program implementation plans are consistent with all rules and requirements in the NEM DAC Decision.<sup>30</sup>

To provide the IOUs the certainty necessary to issue RFOs in the near term,<sup>31</sup> and to provide CCAs with additional time to determine whether the DAC-GT and/or CSGT programs fit in their portfolio of programs, we will reserve capacity for CCAs under both programs through this Resolution, although each CCA may elect to only develop one, rather than both, programs. Since the DAC-GT and CSGT programs have geographic eligibility criteria based on qualified census tracts, and CCAs have clear geographic service areas, we find merit in PG&E's proposal to allocate capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves. This approach will align the IOUs' and CCAs' capacity allocations with their proportional shares of residential DAC customers.

We, therefore, allocate capacity to CCAs based on this approach and decrease each IOU's program capacity caps by the amount allocated to CCAs in their service territory. In April and May 2019, in response to Energy Division data requests, the IOUs provided information on the number of residential DAC customers in their service territory by load serving entity. Based on this data, we allocate CCAs program capacity based on their proportional share of residentially customers in DACs. The capacity allocations are detailed in Tables 1

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<sup>30</sup> D.18-06-027 at OP 17.

<sup>31</sup> RFO timing is discussed further in subsequent sections of this Resolution.

and 2 below. Since, at this time, no CCAs in SDG&E's service territory are serving residential customers in DACs, all 18 MW and 5 MW of SDG&E's capacity under the DAC-GT and CSGT programs, respectively, remain allocated to the IOU.

**Table 1: IOU/CCA Program Capacity Allocation in PG&E's Service Territory**

<b>PG&amp;E or CCA:</b>	<b>Residential DAC Customers Served by Entity</b>	<b>Percent of Residential DAC Customers in PG&amp;E's Service Territory</b>	<b>DAC-GT Allocation (MW)</b>	<b>CSGT Allocation (MW)</b>
PG&E	504,834	78.94%	54.82*	14.20***
CleanPowerSF	13,584	2.12%	1.49	0.38
San Jose Clean Energy	12,753	1.99%	1.40	0.36
MCE Clean Energy	39,356	6.15%	4.31	1.11
East Bay Community Energy	49,263	7.70%	5.39	1.39
Peninsula Clean Energy	8,234	1.29%	0.90	0.23
Sonoma Clean Power	2,100	0.33%	0.50*	0.06
Monterey Bay Community Power	6,243	0.98%	0.68	0.18
Silicon Valley Clean Energy	3,093	0.48%	0.50*	0.09
Valley Clean Energy Authority	55	0.01%	0.01**	0.0
<b>Total PG&amp;E DAC Residential Customers</b>	<b>639,515</b>	<b>100%</b>	<b>70</b>	<b>18</b>

\*According to the percent of residential DAC customers that Sonoma Clean Power (Sonoma) and Silicon Valley Clean Energy (Silicon) serve, they would be allocated 230 kW and 340 kW, respectively, for DAC-GT. Since DAC-GT projects must be at least 500 kW, the Commission increases Sonoma's and Silicon's capacity allocations by 270 kW and 160 kW, respectively, and subtracts a total of 440 kW from PG&E's allocation (decreased by 430 kW and decreased by an additional 10 kW to account for rounding).

\*\*According to the percent of residential DAC customers that Valley Clean Energy Authority serves, it would be allocated 10 kW for DAC-GT. Since this represents less than 10 percent of the 500 kW minimum size requirement for DAC-GT, it would not

be appropriate to allocate the minimum 500 kW to this CCA. As discussed further below, however, Valley Clean Energy Authority could elect to pool its DAC-GT capacity with other CCAs to meet the minimum 500 kW project size.

\*\*\*PG&E's allocation for CSGT is rounded down by 10 kw to account for rounding.

**Table 2: IOU/CCA Program Capacity Allocation in SCE's Service Territory**

<b>SCE or CCA:</b>	<b>Residential DAC Customers Served by Entity</b>	<b>Percent of Residential DAC Customers in SCE's Service Territory</b>	<b>DAC-GT Allocation (MW)</b>	<b>CSGT Allocation (MW)</b>
SCE	856,520	81.25%	56.50*	14.63
Apple Valley Choice Energy	2	0.00%	0.00	0.00
Clean Power Alliance	183,594	17.42%	12.19	3.13
Lancaster Choice Energy	724	0.07%	0.05**	0.01
Pico Rivera Prime	11,452	1.09%	0.76	0.20
San Jacinto Power	1,854	0.18%	0.5*	0.03
<b>Total PG&amp;E DAC Residential Customers</b>	<b>1,054,146</b>	<b>100%</b>	<b>70</b>	<b>18</b>

\*According to the percent of residential DAC customers that San Jacinto Power serves, it would be allocated 120 kW for DAC-GT. Since DAC-GT projects must be at least 500 kW, the Commission increases San Jacinto Power's capacity allocation to that threshold and subtracts a total of 380 kW from SCE's allocation.

\*\* According to the percent of residential DAC customers that Lancaster Choice Energy serves, it would be allocated 50 kW for DAC-GT. Since this represents only 10 percent of the 500 kW minimum size requirement for DAC-GT, it would not be appropriate to allocate the minimum 500 kW to them. As discussed further below, however, Lancaster Choice Energy could elect to pool its DAC-GT capacity with other CCAs to meet the minimum 500 kW project size.

As previously stated, the primary goal in allocating program capacity is to provide the IOUs with the certainty need to launch their DAC-GT and CSGT RFOs as expeditiously as possible. By setting aside capacity allocations for the CCAs based on share of DAC residential customers served, the IOUs have

sufficient certainty to issue their RFOs, including specifying the maximum allowable CSGT project size.<sup>32</sup>

We note that some CCAs who serve relatively small portions of total residential DAC customers have received concomitantly small capacity allocations. To provide CCAs flexibility in approaching implementation of their DAC-GT or CSGT programs, we will allow CCAs that serve customers that are served by the same IOU to share and/or trade program capacity. For DAC-GT, two or more CCAs may elect to pool some or all of their capacity allocations to offer a shared RFO for projects to serve their DAC customers as CCA DAC-GT projects may be located in any DAC within the relevant IOU's service territory. Similarly, two or more CCAs may elect to pool some or all of their capacity allocations for the CSGT program, so long as the CSGT projects procured meet the locational eligibility requirements such that the projects can serve eligible customers from all participating CCAs. In addition, for DAC-GT or CSGT, a CCA that does not wish to launch its own program may designate other CCAs who serve customers that are also served by the same IOU to receive its program capacity allocation. If a CCA elects to utilize any of these options, it must detail the proposal in its Tier 3 AL filing and the filing must be affirmed in writing through comments on the AL filing by any CCA whose program capacity is implicated in the proposal.

So that capacity that could otherwise be subscribed by customers does not stand idle, we find it reasonable to establish a clawback provision such that, if the Commission deems appropriate, the capacity allocated to CCAs in Table 1 and Table 2 of this Resolution shall revert back to the IOUs if the CCAs do not file Tier 3 ALs detailing their plans to implement DAC-GT and CSGT programs, and stating the capacity they will procure for each program (including any capacity allocated to it by other CCAs or shared with other CCAs), by January 1, 2021. A determination of whether it is appropriate and necessary to use this clawback option, and also whether it may instead be appropriate to allocate the unused capacity to participating CCAs, will be made through the proceeding on each IOU's application for review of the DAC-GT and CSGT programs that must be

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<sup>32</sup> Based on the CSGT capacity caps established for the IOUs in Table 1 and Table 2, the maximum size of CSGT projects that PG&E and SCE can solicit are 4.26 MW for PG&E and 4.39 MW for SCE.



filed no later than January 1, 2021.<sup>33</sup> Having established that the CCAs have until January 1, 2021 to file their Tier 3 ALs, the Protesting CCAs' protest of PG&E's suggested timeline is rejected.

In their protest, the Protesting CCAs also raise the issue of how to address the allocation of program capacity if CCAs expand significantly into DACs currently served by the IOUs. The opposite situation can also occur (e.g., because customers can opt out of CCAs at any time, the number of residential DAC customers served by the IOUs could potentially increase in the future). Since the likelihood of these situations occurring and the magnitude and directionality of their potential impact cannot be predicted at this time, it would be premature to determine the appropriate approach to address this issue. As such, the CCAs' protest on this matter is rejected.

The Protesting CCAs also request that the Commission not approve PG&E's and SCE's ALs until after stakeholder workshops are held. In contrast, PG&E encourages the Commission to reject this aspect of the protest to avoid further delaying implementation of the DAC-GT and CSGT programs. PG&E also suggests that any modifications to the DAC-GT and CSGT programs that may result from future workshops could be incorporated into the IOUs' program implementation plans via an advice letter filing. We find that while the Protesting CCAs raise several issues in their protest that may benefit from further discussion at a stakeholder workshop, it is not necessary to delay implementation of the IOUs' DAC-GT and CSGT programs until after a workshop is held. As discussed above, through this Resolution we have established a timeline that provides the CCAs additional time to determine whether to offer the DAC-GT and/or CSGT programs to their customers and to discuss implementation questions with the IOUs. If in the future, conflicts are identified between the IOUs' implementation plans and a CCA's program implementation plan, they can be addressed in the resolution addressing the CCA's Tier 3 AL filing. Thus, the Protesting CCAs' request that the IOUs' ALs not be approved until after a workshop is held is rejected.

The Protesting CCAs also seek guidance on how to address situations in which a CCA expands, or a new CCA launches, in an area where a CSGT project exists or

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<sup>33</sup> D.18-06-027 at OP 16.

is in development. Since that situation is a hypothetical at this point in time, the Commission finds it appropriate for this issue to be addressed, as warranted, in the proceeding on each IOU's application for review of the DAC-GT and CSGT programs, as well as in future reports by the independent evaluator of these programs.<sup>34</sup> In particular, by January 1, 2021, there should be new data available on CSGT project siting that can inform an approach to this unique, and currently hypothetical, situation. If future stakeholder workshops are held, this issue could also be further explored in that forum. The Protesting CCAs' protest on this issue is therefore rejected.

Finally, on the Protesting CCAs' concerns about cross-subsidization between bundled and unbundled customers, the Commission concurs with PG&E that the Decision is clear on the use of GHG revenue and public purpose program funds. In responding to CCA concerns about the appropriateness of using GHG allowance proceeds for these programs, the Decision states, "our DAC-Green Tariff would be open to both bundled and unbundled customers . . . As with the DAC-SASH program, it is appropriate that all customers pay for the DAC-Green Tariff program."<sup>35</sup> It is informative to review the allocation of funding for the DAC-SASH program: GHG allowance proceeds and public purpose program funds collected within an IOU's distribution service territory will be used to install solar on the homes of income-qualified, single family homeowners in DACs across that IOU's service territory (irrespective of whether those homeowners are bundled IOU customers or CCA customers). Similarly, DAC-GT and CSGT program funding will be available for any qualified projects in DACs throughout an IOU's service territory, regardless of whether the Power Purchase Agreement (PPA) is held by the IOU or a CCA.<sup>36</sup> The Protesting CCAs'

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<sup>34</sup> *Id.* at OP 18.

<sup>35</sup> *Id.* at 54.

<sup>36</sup> As established in the NEM DAC Decision, CCAs will have access to funding to implement their own DAC-GT and CSGT programs. The decision clarifies that "[t]o access GHG allowance revenues or public purpose program funds, the CCA must establish a mechanism for tracking discounts provided through its DAC-Green Tariff and Community Solar Green Tariff program[s]" at OP 17. We encourage the IOUs and CCAs to discuss the process for transferring program funding to CCAs. If CCAs elect to

protest on the issues of cross-subsidization between bundled and unbundled customers and accounting and cost recovery is rejected because the NEM DAC Decision is clear that all customers will pay for these programs through GHG allowance proceeds and public purpose program funds.

### **Disposition of IREC and SELC's Response**

This section will address the issues raised in IREC/SELC's response.

IREC/SELC's concerns regarding the application of the 20 percent bill discount to a customer's whole bill and PG&E customers not on CARE and FERA-eligible rates being able to participate in the CSGT program, have been addressed by the IOUs in their replies and rectified in the IOUs' supplemental AL filings, as necessary. These aspects of IREC/SELC's protest have been addressed, and therefore are moot.

#### Community Sponsor Bill Discount Retention

As previously discussed, in their replies all three IOUs agree with IREC/SELC that a CSGT project sponsor should be able to retain the 20 percent bill discount once the 50 percent low-income threshold is reached. PG&E already included relevant language in its AL and SCE submitted a supplemental AL in part to enact this provision. SDG&E states that its CSGT tariff does not contain a trigger to remove a community sponsor's bill discount. Notably, however, SDG&E's tariff also does not explicitly state that the community sponsor is only eligible to receive the 20 percent discount once the 50 percent low-income subscription threshold is reached. In addition, on SDG&E's desire to have flexibility in handling the community sponsor's bill discount if circumstances change, we find that for consistency across IOU programs, qualified community sponsors should have assurances that they can retain the bill discount for the life of the project once the low-income subscription threshold is reached. SDG&E must revise its CSGT tariff to include the condition that 50 percent of a CSGT project's capacity must be subscribed to low-income customers before a community sponsor can receive bill discounts and to enable community sponsors to retain bill discounts for the life of the project once this condition is met.

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offer their own DAC-GT and CSGT programs, this process can be discussed in the resolution approving the CCAs' Tier 3 AL filing.

### Customer Eligibility

In its reply to IREC/SELC, SCE clearly states that it intends to apply the 20 percent bill discount only to CARE and FERA customers as SCE views non-income-qualified customers as ineligible for the discount. This approach contradicts the direction provided in the NEM DAC Decision. In discussing the CSGT program, the Decision states, “the statute does not limit participation to low-income customers”<sup>37</sup> and that it “is reasonable to adopt Green Tariffs (DAC-Green Tariff and Community Solar Green Tariff) that provides [sic] a 20 percent discount from a participant’s otherwise applicable rate.”<sup>38</sup> Since DAC residents who are not eligible for CARE or FERA but who meet the geographic eligibility requirements for CSGT can participate in the program, the Decision intends for these customers to also receive the 20 percent bill discount.<sup>39</sup> The Commission finds that SCE must update its CSGT tariff to provide the 20 percent bill discount to residential DAC customers who are not eligible for CARE or FERA but who are still eligible to participate in CSGT, as directed in the NEM DAC Decision.

Although not raised in IREC/SELC’s protest, the NEM DAC Decision also clearly states that low-income customers under DAC-GT and CSGT must be *eligible* for CARE and FERA; the Decision does not state that customers must have already been enrolled in these programs.<sup>40</sup> We find that SCE must update its DAC-GT and CSGT tariff to remove the requirement that customers be enrolled in CARE or FERA and to allow customers who are *eligible* for CARE and FERA to participate in both programs as income qualified customers. Since the 20 percent discount for DAC-GT and CSGT is to be applied to a customer’s otherwise

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<sup>37</sup> D.18-06-027 at 71.

<sup>38</sup> *Id.* at COL 13.

<sup>39</sup> See also D.18-06-027 at Findings of Fact (FOF) 35 (“To obtain the benefits of the Community Solar Green Tariff program, low-income customer participants – as well as other participants (including sponsors) who are needed to promote project viability – need to experience overall electricity cost reductions”) (emphasis added.)

<sup>40</sup> Decision 18-06-027 at 51 states that the DAC-GT program “will be available only to low-income residential customers in DACs, defined as those meeting the qualifications for CARE and FERA.” The Decision at 72 further states “[f]or the purposes of the Community Solar Green Tariff program, we define low-income customers as CARE-eligible and FERA-eligible customers.”

applicable rate,<sup>41</sup> we clarify that if a customer signs up for CARE or FERA in the process of enrolling in the DAC-GT or CSGT programs, it is appropriate for the 20 percent discount to be applied to that new rate.

On IREC/SELC's assertion that master-metered customers should be allowed to participate in the CSGT program, PG&E agrees with the respondents, while SCE and SDG&E assert that it is neither appropriate nor possible for them to serve master-metered customers under CSGT. Part of this issue arises from how the term "customer" is interpreted. While SCE and SDG&E are correct that the tenants of a master-metered property are not their customers, the master-meter account is clearly an IOU customer. As such, the IOUs do not need to know the demand of sub-metered tenants for a master-metered property to subscribe to a CSGT project; the IOUs already know the usage of the entire property as the single master-meter is their customer.

SCE is correct that it will not be possible for the IOUs to ensure that the 20 percent bill savings flow to the tenants of master-metered buildings that participate in CSGT. As discussed above, however, any residential customer meeting the locational eligibility requirements for CSGT is eligible to participate in the program; they need not be income qualified. Therefore, the Commission finds that as long as a master-metered building is on a residential rate and meets the locational eligibility requirements, it can subscribe to a CSGT project once the 50 percent low-income threshold is met. SCE and SDG&E must revise their CSGT tariffs to enable master-metered customers on residential rates to participate. The Commission further finds that the IOUs must track and report to Energy Division Central Files<sup>42</sup> the number of master-metered properties participating in the CSGT program so that the independent evaluator will have the ability to examine impacts on tenants in future reports.

#### RFO Timeline

While the Commission appreciates IREC/SELC's desire to ensure the DAC-GT and CSGT programs serve DAC customers as soon as possible, as this Resolution is up for consideration in the second quarter of 2019, it would not be

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<sup>41</sup> D.18-06-027 at COL 13.

<sup>42</sup> At a minimum the information should be sent via email to:  
EnergyDivisionCentralFiles@cpuc.ca.gov

procedurally possible for the IOUs to issue RFOs by August 1, 2019. This is because each utility's RFO solicitation documents require review and approval by the Commission prior to an RFO being launched, and there would not be sufficient time for the IOUs to submit their RFO solicitation documents to the Commission and have them approved by August 1, 2019. Other timing considerations are discussed further below. As such, IREC/SELC's protest on this matter is rejected.

#### CSGT Minimum Project Size

In its reply to IREC/SELC's protest, SCE states, "[t]he Decision states that the RFO for the DAC CS program should adhere to the criteria of the GTSR program, including size, location, and sponsor requirements."<sup>43</sup> SCE misinterprets the direction provided in the Decision on this point. The NEM DAC Decision states, "[t]he Community Solar Green Tariff program RFO process will operate in conjunction with the DAC-Green Tariff program. The RFO should solicit projects for the Community Solar Green Tariff program adhering to the criteria in this section" (emphasis added).<sup>44</sup> The passage refers to the size, location, and requirement for a community sponsor described in Section 6.5.3 "Elements of the Community Solar Green Tariff program" of the Decision, not the requirements for the GTSR program. This misinterpretation is further evidenced by the fact that GTSR projects do not require a community sponsor. The Decision clearly states that there is no minimum project size for CSGT projects.<sup>45</sup> We therefore find that SCE must amend its CSGT tariff so as to not penalize CSGT projects that are smaller than 500 kW.

#### **Additional aspects of program implementation that were treated inconsistently by the IOUs, that contradict direction provided in the Decision, or that warrant clarification:**

This section will address aspects of program implementation that were treated inconsistently by the IOUs or that contradict direction provided in the Decision, or that warrant clarification to ensure consistency in program implementation.

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<sup>43</sup> SCE Reply at 4.

<sup>44</sup> D.18-06-027 at 81-82.

<sup>45</sup> *Id.* at 73.

### Use of Existing Resources

In their ALs, both PG&E and SCE propose to use previously procured resources to serve customers under the DAC-GT program. In its AL, PG&E proposes to serve initial DAC-GT customers using resources procured under its green tariff (GT) program, which currently has unsubscribed, excess capacity.<sup>46</sup> PG&E's AL indicated that as of August 2018, 35 MW of GT project capacity was unsubscribed, but PG&E's more recent GTSR filings indicate that this number is now approximately 30 MW.<sup>47</sup> According to PG&E, all of its GT projects are located in DACs as defined in the NEM DAC Decision, and would therefore meet the locational eligibility criteria for the DAC GT program. Notably, in its supplemental AL, PG&E refers to serving DAC-GT customers using an "interim pool of solar resources."<sup>48</sup> While the AL does not provide sufficient detail to determine whether PG&E is modifying its initially proposed approach in some way, it appears that PG&E still plans to utilize these existing resources to serve initial DAC-GT customers in perpetuity as elsewhere the AL states that it relies on the "assumption that PG&E must not procure new solar resources for this program" in 2019 and 2020.<sup>49</sup> While the attributes of the existing resources SCE would rely on for DAC-GT are somewhat different (as is discussed further below), SCE similarly proposes to "rely upon an interim portfolio comprised of RPS-eligible solar facilities located within SCE's service territory"<sup>50</sup> to serve initial DAC-GT customers.

The purpose of creating the DAC-GT and CSGT programs is to promote development of new renewable energy projects in DACs. In fact, the very first sentence in the NEM DAC Decision states, "This decision adopts three new programs to promote the *installation* of renewable generation among residential

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<sup>46</sup> PG&E AL 5362-E at 9.

<sup>47</sup> Application (A.) 12-01-008 et al. *Application of San Diego Gas & Electric Company (U902E) for Authority to Implement Optional Pilot Program to Increase Customer Access to Solar Generated Electricity; And Related Matters. 2018 Annual Green Tariff Shared Renewables Program Report of Pacific Gas and Electric Company (U 39 E)* filed March 15, 2019 (PG&E 2018 GTSR Report), at attachment 1 pages 3-4.

<sup>48</sup> PG&E AL 5362-E-A at 6 (February 13, 2019).

<sup>49</sup> PG&E AL 5362-E-A at 3.

<sup>50</sup> SCE AL 3851-E at 8 (August 20, 2018).

customers in disadvantaged communities (DACs)).<sup>51</sup> PG&E recently asserted that its green tariff, “gives customers the choice of purchasing either 50% or 100% of their electric usage from a pool of new ‘steel in the ground’ solar projects in PG&E’s service territory.”<sup>52</sup> The NEM DAC Decision clearly states that the DAC-GT program is based on “the Green Tariff portion of the GTSR.”<sup>53</sup> Thus, the DAC-GT program should afford income qualified customers in DACs the same opportunity to purchase energy from “new steel in the ground” renewable energy projects, rather than having DAC customers rely on existing projects. To expedite the timeline under which DAC customers could actually receive the benefit of the DAC-GT program, we will permit, but not require, the IOUs to serve DAC-GT customers through existing GT or RPS projects that meet the eligibility requirements of the DAC-GT program on an interim basis until new DAC-GT projects come online. Once new DAC-GT projects come online, DAC-GT customers are to be transferred to these projects, and unsubscribed GT/RPS capacity will be reallocated to the GT/RPS programs.<sup>54</sup>

In describing its proposed use of existing resources, SCE further states, “SCE will not place any restrictions on the nameplate rated generation capacity or require the facility to have a Green-e certification.”<sup>55</sup> The Commission finds that in order to comply with the program rules established in the NEM DAC Decision, SCE is only permitted to serve DAC-GT customers with RPS-eligible resources that meet all program rules for DAC-GT projects, including that projects are between 500 kW and 20 MW and that they are located in DACs as defined in the

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<sup>51</sup> D.18-06-027 at 2. Emphasis added.

<sup>52</sup> PG&E 2018 GTSR Report at attachment 1, page 1.

<sup>53</sup> *Id.* at 51.

<sup>54</sup> This is similar to the approach taken by the Commission for the GTSR program, which is the basis for the DAC-GT program. In Decision 15-01-051, the Commission allowed the IOUs to use existing RPS resources that were eligible for GTSR to serve initial customers on an interim basis. The decision states, “[o]nce the projects procured specifically for the GTSR Program come online, the participating customers will be served exclusively from those resources and any subsequent incremental GTSR procurement” at 43.

<sup>55</sup> SCE AL 3851-E at 8 (August 20, 2018).



Decision.<sup>56</sup> In addition, once new DAC-GT projects come online, DAC-GT customers must be transferred to these projects. The Commission further finds that SCE must amend its DAC-GT tariff to clarify its definition of a “DAC-Green Facility” as a renewable energy project that is located in a DAC, as defined by the Decision.

### IT Upgrades

Both SCE and SDG&E emphasize in their ALs that they are commencing major billing system upgrades that will cause their billing systems to be frozen for all of 2020. As a result, both SCE and SDG&E assert that they will be unable to implement automated billing for DAC-GT and CSGT until 2021.<sup>57</sup> In contrast, PG&E currently has no plans to undertake any major system upgrades. PG&E estimates in its supplemental AL that internal system updates to enable PG&E to perform automated billing for customers who sign up for DAC-GT can be completed within 9-12 months after AL approval.<sup>58</sup> The IOUs’ ALs on this matter raise concerns that their different IT constraints could result in DAC customers being able to participate in, and benefit from, the DAC-GT and CSGT programs on significantly different timelines, depending on which IOU service territory they live in.

To create some degree of consistency for DAC customers across the IOUs’ service territories, and to avoid delays in delivering the benefits of the program to customers, we find that it is reasonable to require SCE and SDG&E to use manual billing to serve any customers who are eligible to sign up for DAC-GT or CSGT before SDG&E’s and SCE’s new billing systems are live. The costs of manual billing under this approach are anticipated to be relatively low, if any manual billing occurs at all. This is because under typical project development timelines, it is unlikely that any new DAC-GT or CSGT projects in SCE’s or SDG&E’s service territory will be online prior to 2021. In addition, SCE may determine when, and if, to use existing resources that meet the eligibility requirements of the DAC-GT program to serve DAC-GT customers on an interim basis, prior to new DAC-GT projects coming online. No customers should be

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<sup>56</sup> D.18-06-027 at 53, COL 14.

<sup>57</sup> SCE AL 3851-E at 7. SDG&E AL 3262-E-B at 2 (January 24, 2019).

<sup>58</sup> PG&E AL 5362-E-A at 3.

enrolled in the DAC-GT program using previously procured resources until the IOU has a process in place to accurately bill those customers on a monthly basis.

Under guidance provided in this Resolution, PG&E will be permitted to use unsubscribed GT resources that meet all DAC-GT program rules on an interim basis to serve DAC-GT customers. Therefore, PG&E could enroll customers in DAC-GT immediately. Since this would incur potentially significant manual billing costs, the Commission finds that it is reasonable to allow PG&E to wait to enroll customers in the DAC-GT program until after billing system updates are completed, but PG&E must prioritize the DAC-GT IT project and enroll eligible customers under its DAC-GT tariff within 9 months of issuance of this Resolution.

#### Process for Program Budget Submissions and Review

In its supplemental AL, PG&E asserts that it can only hold GHG allowance revenue funding for the DAC-GT and CSGT programs in its Energy Resource Recovery Account (ERRA) forecast if the Commission has previously approved program funding, citing D.14-10-033 in proceeding A.13-08-002. Thus, PG&E included program budgets for DAC-GT and CSGT for 2019 and 2020 in its supplemental AL.<sup>59</sup> SDG&E similarly asserts that it is required to include an annualized estimate of program costs in its annual ERRA forecast filing in order to reserve GHG allowance proceeds. SDG&E included budget estimates for both programs in its original AL and sought flexibility in allocating costs across an initial four-year period.<sup>60</sup> SCE's AL did not discuss the ERRA forecast and only provided a Marketing, Education, and Outreach (ME&O) budget.

To create a consistent and predictable process across the IOUs, we find that it is necessary to establish both an annual budget process for the DAC-GT and CSGT programs and funding allocation caps. We find that it is reasonable to require each IOU to submit annual program budget estimates via a Tier 1 AL by February 1<sup>st</sup> of every year starting in 2020 for the following program year (for example, on February 1, 2020, the IOUs would provide their DAC-GT and CSGT budgets for 2021). Each IOU's Tier 1 AL filing must include separate program budget estimates for DAC-GT and CSGT and must clearly identify any costs that

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<sup>59</sup> PG&E AL 5362-E-A at 2-3.

<sup>60</sup> SDG&E AL 3262-E-A (August 24, 2018) at 6.

are shared between the two programs. At a minimum, each IOU's annual program budgets must include line items for any above market generation costs,<sup>61</sup> the 20 percent bill discount for all participating customers, program administration costs, and ME&O funding. In order to ensure that the IOUs' administrative and ME&O budgets represent a reasonable proportion of their total annual program budgets, we adopt for the DAC-GT and CSGT programs the same budget allocations established in the NEM DAC Decision for the DAC-SASH program: 10 percent for program administration and 4 percent for ME&O. Specifically for the DAC-GT and CSGT programs, no more than 10 percent of each program's budget in a given year may be allocated to program administration and no more than 4 percent of each program's budget in a given year may be allocated to ME&O.

Should the IOUs identify a need for these administrative and ME&O budget allocations to be revisited in future program years, the IOUs are authorized to submit a Tier 3 AL requesting an adjustment to the budget allocations with an accompanying rationale for why the adjustment is warranted.

The annual program budget submissions must provide sufficient detail on how budget figures were estimated for all line items, this includes, but is not limited to the following details:

- For each program, the budget submission must include details on the program's existing capacity, the capacity targeted for procurement in that program year, the number of customers currently served, and the number of additional customers estimated to be served.
- For each program, the budget submission should include work papers with a detailed methodology on how any above market generation costs, and the 20 percent bill discount for all participating and projected customers, were estimated. This shall include but not be limited to specifying all assumptions, and basis for those assumptions, on the following items: participating and projected customers' generation rates,

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<sup>61</sup> Above market generation cost should include net renewable resource costs in excess of the otherwise applicable class average generation rate that will be used to calculate DAC-GT and CSGT customers' bills.

the PPA price of existing projects, the projected PPA price of future projects, and the load of participating and projected customers.

- Administration funding must be further broken into discrete tasks, including but not limited to, program management, IT, billing operations, regulatory compliance, and procurement.
- ME&O budgets must detail costs for staff time as well as the cost of each outreach delivery method. For CSGT, the ME&O budget must identify any funding that will be allocated to local Community Based Organizations (CBOs) and community sponsors.<sup>62</sup>

The IOUs must also provide Energy Division (ED) staff copies of any supporting worksheets used in substantiating the cost estimates for the above items. Details must include, but not be limited to, information on direct labor, management and/or supervisor costs, and any vendor costs. Any costs of staff or contractor time must be broken down to show position descriptions, loaded hourly rates, and total hours anticipated for each task when that information is available to the IOU. If this level of detail is not available, the IOU must provide a narrative statement explaining the analysis it has performed to ensure that vendor costs are reasonable. Supporting worksheets must also detail all inputs and calculations used to derive the above market generation costs for both DAC-GT and CSGT projects and the 20 percent bill discount for all customers participating under each program. This same level of detail and backup documentation must be provided for all DAC-GT and CSGT expenditures which, per the NEM DAC Decision, will be reviewed in each IOU's annual ERRA compliance filing.<sup>63</sup>

The NEM DAC Decision allows funding for the DAC-SASH program to accrue year-over-year in the IOUs' balancing accounts.<sup>64</sup> Given the uncertain timing of various processes required to implement these new programs, it is appropriate to allow for a similar process for the DAC-GT and CSGT programs to avoid having

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<sup>62</sup> The NEM DAC Decision supports the suggestion from commenters to ensure that "project sponsors are able to secure a share of ME&O funds so they are able to accomplish the outreach and recruitment envision" and directs, "utilities should include this component in their proposed ME&O budgets." D. 18-06-027 at 84.

<sup>63</sup> D.18-06-027 at OP 15.

<sup>64</sup> *Id.* at OP 8.

unspent program funding be returned to ratepayers one year, only to be sought by the IOUs the next year. We find that it is appropriate to allow the IOUs to retain unspent GHG allowance proceeds and public purpose program funds in their balancing accounts from one year until the next, subject to review of the balancing accounts that will occur in each IOU's annual ERRA proceeding.<sup>65</sup> Every year, the IOUs must reconcile prior year budget estimates and expenditures in their annual budget filing for the next program year.<sup>66</sup> For a given utility, any unspent balance from the prior year is to be indicated as available in that IOU's February 1<sup>st</sup> budget submission for the following program year. In its annual budget submission, each IOU shall present the next year's budget, the source of funds to meet that budget, the proposed reservation from GHG allowances needed (if any), and the identification of any funds that are already collected that will not be needed in the coming year. If an IOU's preceding ERRA Compliance proceeding is not yet decided at the time that the IOU's next ERRA Forecast application is filed, that IOU should use its DAC-GT and CSGT program budget estimates, reduced by any balance remaining in its balancing account after accounting for estimated prior year expenditures, in its ERRA Forecast. If an IOU proceeds in this manner, it must submit a revision to the amount of GHG allowance proceeds and public purpose program funds to be set aside for DAC-GT and CSGT in the next program year no later than the November ERRA Forecast Update based on the eventual ERRA Compliance Decision on the prior year DAC-GT and CSGT expenditures.

Given that the February 1<sup>st</sup> deadline has already passed for the 2019 and 2020 DAC-GT and CSGT program budget submissions, we find that it is appropriate for the IOUs to submit updated budget estimates within 60 days of issuance of this Resolution. Each IOU's updated 2019 and 2020 budget estimates must be submitted as a Tier 2 AL as these initial budget estimates warrant a more extensive review by Energy Division staff and will establish expectations and templates for the IOUs' future budget submissions. These program budgets must specify costs for both 2019 and 2020 and are to include the level of specificity and cost justification, including work papers, described above. Acknowledging that

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<sup>65</sup> *Id.* at OP 15.

<sup>66</sup> For example, on February 1, 2021, the IOUs would provide their program budgets for 2022, including actual program expenditures for 2020.

start-up costs may be higher within the first years of the program, the IOUs may propose administrative and ME&O costs that are above the 10 percent and 4 percent caps established in this Resolution for the 2019 and 2020 program budgets only.

While PG&E and SDG&E have already submitted initial 2019 and 2020 budget estimates in their ALs, the revised budgets must reflect all changes required to be made to the IOUs' program implementation plans as directed in this Resolution.<sup>67</sup> In addition, the revised budgets, and SCE's initial 2019-2020 DAC-GT and CSGT budgets, must reflect any 2019 GHG allowance revenue approved to be set aside for DAC-GT and CSGT in the decisions adopting each IOU's 2019 ERRA forecast and 2019 GHG Revenue forecast.

Since the IOUs' revised program budgets will not have been submitted prior to when the IOUs must submit their 2020 ERRA Forecast filing,<sup>68</sup> the IOUs should set aside the 2019-2020 program funding requested in each IOU's implementation AL, adjusted by their approved 2019 GHG allowance revenue. The IOUs must submit a revision to their ERRA Forecast filing no later than the November Update once an updated 2019-2020 program budget amount is approved by AL disposition.

#### ME&O Plan

The NEM DAC Decision originally assumed that ME&O budgets for the DAC-GT and CSGT programs would be set in the consumer protection phase of R.14-07-002 and instructed the IOUs to file annual ME&O plans via ALs.<sup>69</sup> The Decision Correcting and Clarifying (D.18-10-007) confirmed that the IOUs had filed ME&O budgets in their implementation ALs, but it did not modify the annual ME&O plan filing instructions.<sup>70</sup> While SCE included a fairly lengthy

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<sup>67</sup> For example, we expect PG&E to include costs for procuring new DAC-GT resources in its revised budget and SCE to remove costs from its budget that were associated with serving DAC-GT customers using resources that do not meet all program eligibility rules for DAC-GT.

<sup>68</sup> For example, SDG&E filed its 2020 ERRA Forecast and GHG Revenue Forecast with the Commission on April 15, 2019.

<sup>69</sup> D.18-06-027 at 83.

<sup>70</sup> D.18-10-007 at 12.

discussion of its planned ME&O activities in AL 3851-E, none of the IOUs have filed ME&O plans for approval. We find that it is appropriate for each IOU to submit its annual ME&O plan by February 1<sup>st</sup> of every year for the next program year as part of its Tier 1 AL annual program budget filing which, as described above, is to include anticipated ME&O costs for the next program year (for example, on February 1, 2021, the IOUs would submit their program budgets and ME&O plans for 2022). Notably, on February 1, 2020, IOUs would submit their program budgets for 2021 but may include their 2019-2021 ME&O plan since, as discussed below, the first ME&O plan will discuss ME&O strategies for 2021.

Regarding the IOUs' initial ME&O plans, the Commission finds it is appropriate for each IOU to file its 2019-2021 ME&O plan within 60 days of issuance of this Resolution in the same Tier 2 AL filing as its 2019-2020 program budget. Similar to the initial budget filings, the initial ME&O filings warrant a more extensive review by Energy Division staff and will establish expectations and templates for the IOUs' future ME&O plan submissions. Each IOU's ME&O plan must include separate sections on the DAC-GT and CSGT programs and discuss specific timelines and methods for customer outreach, including any coordination with CBOs and community sponsors. The IOUs' ME&O plans must address how each IOU will work to identify residential customers in DACs who are likely eligible for the CARE and FERA programs but who are not yet enrolled. Finally, the IOUs' ME&O plans must discuss how to leverage customer engagement on DAC-GT and CSGT to market other programs (such as the Energy Assistance Savings (ESA) Program) that can benefit the same universe of customers.

#### Independent Evaluator

The NEM DAC Decision requires Energy Division Staff to select an independent evaluator to review the DAC-GT and CSGT programs every three years, beginning in 2021.<sup>71</sup> The Decision also notes that the CSGT program should be evaluated after the first year.<sup>72</sup> The Commission finds it appropriate to interpret the first year of the CSGT program as the first year customers are able to subscribe to projects. Thus, if no customers have subscribed to CSGT projects by

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<sup>71</sup> *Id.* at OP 18.

<sup>72</sup> *Id.* at 84.

2021, the initial independent evaluator's review will replace the evaluation of the CSGT program after the first year.

The Decision does not specify a budget for the independent evaluation of the DAC-CT and CSGT programs. For the DAC-SASH program, however, the Decision directs that annually, one percent of DAC-SASH funding, or \$100,000, is to be set aside for program evaluation.<sup>73</sup> Thus, \$200,000 will be available for DAC-SASH program evaluation at the time of the first evaluation in 2021. As there is no set budget for the DAC-GT and CSGT programs, we find that setting an evaluation budget based on a percent of annual funding would not provide a predictable budget for program evaluation activities. Since DAC-GT and CSGT are two separate programs, we find it reasonable to adopt a combined program evaluation budget that is twice the DAC-SASH program evaluation budget. Thus, the Commission finds it appropriate to have a total of \$400,000 set aside by the IOUs in their 2020 ERRA Forecast filing to cover the costs of the first program evaluation in 2021, with \$200,000 to be set aside by the IOUs for program evaluation annually thereafter. To match the NEM DAC Decision's allocation among the IOUs, we find that it is appropriate for funding for the independent evaluator to be set aside by the IOUs according to their proportional share of capacity for the DAC-GT and CSGT programs: 44 percent for PG&E, 44 percent for SCE, and 12 percent for SDG&E. Thus, we direct PG&E and SCE to include \$176,000 each and SDG&E to include \$48,000 for the independent evaluator in their revised program budget filings for 2019-2020.

#### Project Solicitations

In their respective ALs, all three IOUs discuss their processes for soliciting new DAC-GT and CSGT projects and note that the Commission will need to review their Request for Offers (RFO) documents. The IOUs describe different processes and timelines for their RFOs.

SDG&E states in its initial and first supplemental ALs that it would be filing an AL later in 2018 outlining its solicitation process and schedule for procuring resources for DAC-GT and CSGT.<sup>74</sup> No such AL has been filed to date.

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<sup>73</sup> *Id.* at Appendix A.

<sup>74</sup> SDG&E AL 3262-E at 7 (August 20, 2018). SDG&E AL 3262-E-A at 6 (August 24, 2018).



SCE states in its original AL that 60 days prior to its first RFO, it will submit an AL with RFO instructions and accompanying documents for CPUC approval. SCE's original AL also outlines SCE's plan to conduct a Request for Information (RFI) for CSGT in its first RFO, "which will result in the first RFO soliciting only for DAC-Green Tariff resources."<sup>75</sup>

In its supplemental AL, PG&E seeks clarification on D.18-12-015 (Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects or SJV Pilots Decision), which required the IOUs to release RFOs for CSGT within 90 days of approval of their DAC-GT and CSGT implementation ALs. PG&E states that this timeline is not possible because the IOUs cannot launch RFOs until their solicitation documents are approved by the Commission, and the IOUs cannot submit their CSGT solicitation documents to the Commission until their DAC-GT and CSGT program implementation ALs are approved. Thus, PG&E requests that the Commission clarify that the IOUs are required to submit solicitation documents within 90 days of approval of their DAC-GT and CSGT program implementation ALs.<sup>76</sup>

The SJV Pilots Decision states, "Utility Advice Letters to implement CSGT and DAC-GT are currently pending; the program [Request for Proposal] should be released no later than 90 days after approval of these Advice Letters, unless another timeline is specified in the Energy Division resolution."<sup>77</sup> We agree with PG&E's point that it would be impractical for the IOUs to issue RFOs within 90 days of issuance of this Resolution, due to the need to submit their solicitation documents for approval. We find it reasonable for each IOU to submit a Tier 2 AL with its solicitation documents for DAC-GT and CSGT within 60 days of issuance of this Resolution and to issue their first RFO within 60 days of the Commission's approval of their solicitation documents. After the first solicitation, IOUs must align future DAC-GT and CSGT solicitations with the GTSR solicitation dates and ensure that such solicitations occur biannually, as required in the NEM DAC Decision.<sup>78</sup> The IOUs must ensure their solicitation

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<sup>75</sup> SCE AL 3851-E at 11.

<sup>76</sup> PG&E 5362-E-A (February 13, 2019) at 5-6.

<sup>77</sup> D.18-12-015 at 111.

<sup>78</sup> D.18-06-027 at 85.

documents describe the requirement that CSGT bids discuss how workforce development and job training opportunities would be created by a proposed project.<sup>79</sup> We direct the IOUs to also describe in their solicitation documents how RFO scoring will prioritize projects that: 1) are located in top 5 percent DACs or SJV pilot communities, and/or 2) leverage other government funding or demonstrate support from local climate initiatives.<sup>80</sup>

In its original AL, SCE notes that its CSGT solicitation will prioritize the project attributes listed above, but that it also plans to provide “a qualitative benefit to projects that are able to demonstrate that they . . . have a local project sponsor within five miles of the project that can absorb up to 25 percent of the project’s capacity.”<sup>81</sup> The Decision does not state any preference for a community sponsor subscribing to a project. To encourage diverse community-based organizations to serve as community sponsors, even those that may not be eligible to subscribe to a CSGT project, we direct SCE to remove this arbitrary scoring treatment from its CSGT implementation plan.

In line with IREC/SELC’s statement that, “the Energy Division should ensure that the utilities do not place unnecessary impediments on smaller sized projects,”<sup>82</sup> we clarify that the IOUs must consider both full deliverability and energy-only projects in their DAC-GT and CSGT projects. This aligns with Commission guidance on RPS procurement and enables more projects to participate in solicitations.<sup>83</sup> While developers may elect to bid projects that count toward the IOU’s Resource Adequacy (RA) needs into an IOU’s DAC-GT and CSGT RFO, it would be inconsistent with Commission guidance on RPS procurement to only allow projects offering RA to bid. In addition, undertaking a CAISO Cluster Study, which is required for resources that provide RA-eligible capacity, could prove prohibitively expensive for small-scale projects and could significantly delay these projects.

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<sup>79</sup> *Id.* at 86-87 and COL 29.

<sup>80</sup> *Id.* at 82.

<sup>81</sup> SCE AL 3851 at 6.

<sup>82</sup> IREC/SELC Response at 4.

<sup>83</sup> See, e.g., D.11-04-030 at 20-22; D. 13-11-024 at 51: (“We continue to require utilities to accept energy-only bids.”).

Finally, two points on the IOUs' first RFOs need to be clarified. First, while the NEM DAC Decision allows SCE to issue an RFI for CSGT projects, this should not be interpreted as allowing SCE to delay procurement of CSGT projects; in fact, the NEM DAC Decision anticipated that SCE would issue an RFI *before* the first RFO.<sup>84</sup> In contrast, as discussed above, SCE states in its AL that it plans to only include an RFI for CSGT projects in its initial RFO, "which will result in the first RFO soliciting only for DAC-Green Tariff resources."<sup>85</sup> While an RFI may help solicit additional, future CSGT projects, we do not wish to preclude CSGT projects that may already be prepared to bid into the initial RFO. As such, the Commission finds SCE's initial RFO must seek to procure both DAC-GT and CSGT resources. Second, as discussed above, PG&E will be allowed to serve DAC-GT customers with existing GT projects but only on an interim basis. As such, PG&E must solicit new DAC-GT projects, as well as CSGT projects, in its first RFO.

#### DAC-GT Cost Containment

The NEM DAC Decision established a clear cost containment mechanism for CSGT projects; the Decision states "we believe there should be an auction clearing price cap so that any potential market power would be mitigated . . . To limit non-participating ratepayer exposure, utilities should limit contract awards to Community Solar Green Tariff program projects whose bid price is at or below the higher of 200 percent of the maximum executed contract price in either the Renewable Auction Mechanism's as-available peaking category or the Green Tariff program."<sup>86</sup> The Decision did not discuss a cost containment mechanism for DAC-GT, but both PG&E and SCE include one in their ALs. PG&E plans to

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<sup>84</sup> The Decision states, "SCE in comments on the revised APD recommends the Commission give the utilities the option to be directly involved in the project conceptualization stage by exercising an option to utilize a RFI process. . . . This utility-directed process would occur prior to the RFP process described in the Revised APD. SCE's suggestion is reasonable and we will allow (but not require) SCE to use this process. Any other utility may also use this process as well." *Id.* at 82-83. While the Decision allows SCE to run an RFI, it does not give the utility permission to delay solicitation of CSGT projects.

<sup>85</sup> SCE AL 3851-E at 11.

<sup>86</sup> D.18-06-027 at 84.

apply the 200 percent cap the Decision adopted for CSGT projects to DAC-GT projects. In contrast, SCE adopts a similar approach but exchanges the 200 percent cap for a 120 percent cap and relies on the contract price that “is most recent” rather than whichever price is higher.<sup>87</sup>

Under the GTSR program, D.16-05-006 established a 120 percent cap for Enhanced Community Renewable (ECR) projects and a 200 percent cap for projects located in Environmental Justice (EJ) communities, with both caps based on “the maximum executed contract price in either the Renewable Auction Mechanism’s as-available peaking category or the Green Tariff program, whichever is most recent.”<sup>88</sup> We find that it would be inappropriate to apply a 120 percent cap for DAC-GT projects, as this would be more restrictive than the cap D.16-05-006 established for EJ community projects, and given the similarities in project requirements for both programs, except for a small difference in how DACs are defined, we see little reason to apply a more restrictive cost cap for DAC-GT projects than for EJ community projects. We find that it is appropriate to establish the same numeric auction clearing price cap of 200 percent for DAC-GT projects as EJ community projects under GTSR in order to limit project costs. Thus, the Commission finds that it is reasonable to adopt PG&E’s suggested cost containment cap for DAC-GT projects that “bid pricing must be at or below the higher of 200% of the maximum executed contract price in either the previous PV/RAM as-available peaking category or the Green Tariff program.”<sup>89</sup> SCE and SDG&E must revise their DAC-GT tariffs to reflect this price cap.

The Commission further finds that it is necessary for SCE to adjust its cost containment mechanism for CSGT projects to set the cap based on the previous contract price that is higher rather than whichever is most recent. The Commission may choose to review this threshold in each IOU’s application for review of the DAC-GT and CSGT programs that must be filed no later than January 1, 2021, as at that time relevant cost data should be available for initial DAC-GT and CSGT project bids.<sup>90</sup>

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<sup>87</sup> SCE AL 3851-E at 5-6.

<sup>88</sup> D.16-05-006 at OP 3.

<sup>89</sup> PG&E AL 5362-E at 10.

<sup>90</sup> D.18-06-027 at OP 16.

### CSGT Maximum Project Size

As discussed previously, the maximum project size for the CSGT program is established in the NEM DAC Decision which states: “[t]herefore, we will set the upper limit of the size of any one project to 30% of the total capacity in that IOU’s Community Solar Green Tariff program or 3 MW, whichever is larger.”<sup>91</sup> We take the opportunity in this Resolution to clarify that this direction is intended to establish a static, non-declining number<sup>92</sup> up until each IOU has less than that amount of capacity remaining to be procured under its CSGT program cap. This clarification will ensure there is market certainty regarding the maximum project size for all auctions, and that this cap will not be a variable number, which would make it difficult to plan for participation in solicitations. The IOUs must adjust their CSGT tariffs as necessary to match this new maximum project size.

### Customer Enrollment Cap

In its DAC-GT and CSGT tariffs, PG&E caps a residential customer’s enrollment at 2 MW, as this aligns with the requirements of the GTSR program.<sup>93</sup> SCE and SD&E, however, do not impose this restriction on their programs. Since DAC-GT and CSGT are based on the GTSR program,<sup>94</sup> the Commission finds it is reasonable to apply the same GTSR maximum enrollment cap of 2 MW per customer to the DAC-GT and CSGT programs for consistency with the GTSR program and to maximize the number of customers that can be served by the programs.

### Portability

PG&E and SDG&E specify in their ALs that if a customer moves, they will be required to reapply to the DAC-GT or CSGT program to ensure they are still eligible for that program. SCE does not address this issue. Requiring customers to reapply after a move will ensure that the benefits of the programs go only to customers living in DACs. We therefore require the IOUs to require customers who move to recertify their eligibility for the DAC-GT and CSGT programs. If a

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<sup>91</sup> *Id.* at 73.

<sup>92</sup> As shown in Table 1 and Table 2, this means a maximum CSGT project cap of 4.26 MW for PG&E, 4.39 MW for SCE, and 3 MW for SDG&E.

<sup>93</sup> The 2 MW cap per customer under GTSR is established in Public Utilities Code (Pub. Util. Code) section 2833(h).

<sup>94</sup> D.18-06-027 at 51, 78-79.

customer is found to still be eligible, the relevant IOU shall retain their status as a program participant and shall not require that customer to go on a waitlist, as long as capacity is available and the customer's turn-on date at their new location is within 90 days of their final billing date at their original location.

#### CalEnviroScreen Updates

The NEM DAC Decision states that program eligibility based on the top 25 percent of DACs is to be adjusted to include any future revisions of the CalEnviroScreen tool.<sup>95</sup> The Decision does not, however, discuss how to treat participating customers in census tracts that were eligible for DAC-GT or CSGT under one version of CalEnviroScreen, but are no longer scored as top 25 percent DACs after a CalEnviroScreen update. The IOUs' ALs do not discuss this issue, however, it is important to provide direction in this Resolution to provide certainty for program implementation. We find it reasonable for the IOUs to update program eligibility rules to reflect the new CalEnviroScreen thresholds, by filing a Tier 1 advice letter within 30 days of the release of the new version.

We also find it reasonable for customers who are already enrolled in DAC-GT to retain their eligibility even if their census tract is no longer considered a top 25 percent DAC under the revised CalEnviroScreen so as to not penalize customers who were previously eligible for, and participating in, DAC-GT and whose situation has not changed. Similarly, DAC-GT projects located in census tracts that were previously top 25 percent DACs, but are no longer scored as such, will continue to be eligible to serve customers under the DAC-GT program. This approach will honor the eligibility requirements that were in place at the time the customers enrolled in the program and at the time the projects bid into the RFO.

Given the 5 mile locational eligibility requirements for CSGT projects, it is critical that all residential customers in a DAC that is considered an eligible DAC at the date of the project's initial energy delivery date, remain eligible to subscribe to that CSGT project, even if their DAC designation changes in subsequent iterations of CalEnviroScreen. This grandfathered eligibility should apply to both existing subscribers and customers not previously subscribed to the project, to ensure that the project's output can be fully subscribed by customers whose census tract is within 5-miles of the project. We find it reasonable to allow any

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<sup>95</sup> *Id.* at 17.

CSGT project that has executed a PPA with an IOU to retain its original customer eligibility rules throughout the life of that project.

#### Retirement of Renewable Energy Credits (RECs)

As previously discussed, the NEM DAC Decision states that both DAC-GT and CSGT are based on the GTSR model.<sup>96</sup> Statute governing GTSR (Pub. Util. Code § 2833(v)) requires that resources procured under GTSR comply with the California Air Resources Board's (CARB's) Voluntary Renewable Electricity Program and that the IOUs retire all California-eligible GHG allowances associated with GTSR generation.

The IOUs do not explicitly state in their ALs whether they intend to follow this approach for DAC-GT and CSGT projects. In order to ensure that DAC-GT and CSGT customers "receive 100 percent renewable energy"<sup>97</sup> allocated to them under the programs, we find it reasonable to require that all renewable energy resources procured on behalf of customers participating in the DAC-GT and CSGT programs, or already procured but used to serve these customers on an interim basis, must comply with CARB's Voluntary Renewable Electricity Program. California-eligible GHG allowances associated with these purchases shall be retired on behalf of participating customers as part of CARB's Voluntary Renewable Electricity Program. The IOUs should track the retirement of RECs through Green-e Energy Certification, as that is the standard process established for the Green Tariff program.

#### Reporting Requirements

The NEM DAC Decision instructs the IOUs to work with the Energy Division to develop reporting requirements for DAC-GT and CSGT.<sup>98</sup> The IOUs' ALs indicate they will comply with this directive, but they do not suggest any specific reporting requirements.

We take the opportunity in this Resolution to provide standardized guidance to the IOUs on DAC-GT and CSGT reporting requirements. For purposes of consistency, we find that it is reasonable to direct the IOUs to follow a

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<sup>96</sup> *Id.* at 51, 78-79.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 55 and 88.

streamlined version of the GTSR reporting requirements for the DAC-GT and CSGT programs. Specifically:

- Within 30 calendar days after the end of each calendar quarter each IOU must, at a minimum, file a report in R.14-07-002 and serve the same report on the service list for this proceeding that describes the capacity procured, capacity online, and customers subscribed – for both programs, distinguishing between the DAC-GT and CSGT data. The quarterly reports must also identify the DACs in which projects are located and list the number of participating customers in each DAC within the IOU’s service territory. Finally, the quarterly reports must include the number of customers who have successfully enrolled in CARE and FERA in the process of signing up for the DAC-GT or CSGT programs.
- Semi-annually, within 30 calendar days after the end of each six month period of the year, for CSGT projects, the IOUs must report to Energy Division Central Files<sup>99</sup> the number of income-qualified customers subscribed to each project and the capacity those customers are receiving, whether a waitlist of non-income-qualified customers exist and the size of that list, and if project sponsors are receiving bill credits under CSGT projects, the size of each sponsor’s subscription. Each IOU’s report must also include the number of master-metered properties served on its CSGT tariffs and total capacity those properties are subscribed to receive.

Each IOU’s first quarterly or semi-annual report will be due on the first scheduled due date after it completes its first RFO or has initiated customer enrollment, whichever occurs first. Energy Division staff may modify these reporting requirements, and provide guidance on the format of these reports, as necessary.

#### Customer Eligibility Issues in SCE’s Tariffs

In both its DAC-GT and CSGT tariffs, SCE correctly defines DACs as including both the top 25 percent of census tracts statewide under CalEnviroScreen and 22 census tracts in the highest 5 percent of CalEnviroScreen’s pollution burden that

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<sup>99</sup> At a minimum the information should be sent via email to:  
EnergyDivisionCentralFiles@cpuc.ca.gov



do not have an overall CalEnviroScreen score. In the “Applicability” and “Territory” sections of both tariffs, however, SCE simply refers to top 25 percent DACs.<sup>100</sup> It is clear in the NEM DAC Decision that customers in the 22 additional census tracts without a CalEnviroScreen score are to be eligible for both DAC-GT and CSGT and that projects under either program can be sited in these additional 22 census tracts.<sup>101</sup> For consistency with the NEM DAC Decision, we direct SCE to update its DAC-GT and CSGT tariffs to clarify that the additional 22 census tracts are also eligible for the programs.

In its DAC-GT tariff, SCE states, “[c]ustomers served under this Schedule can concurrently participate on any of SCE’s [Net Energy Metering (NEM)] tariffs for which they are otherwise eligible, excluding NEM successor tariffs.”<sup>102</sup> The programs created in D.18-06-027 were designed as NEM alternatives “to increase adoption of renewable generation in DACs.”<sup>103</sup> Therefore we find that DAC-GT and CSGT customers should not be allowed to concurrently participate in any NEM tariffs. We direct SCE to revise its DAC-GT tariff to reflect this.

#### CSGT Locational Eligibility

PG&E’s CSGT tariff states that, “[t]he community solar project that customers are subscribing to must be located within 5 miles from the customer’s community, as defined by its census tract borders.”<sup>104</sup> This language is ambiguous and does not clearly state that the project must be in a DAC, as is made clear in the NEM DAC Decision.<sup>105</sup> In addition, as previously discussed, the SJV Pilots Decision allowed CSGT projects in San Joaquin Valley (SJV) pilot communities to be within a 40-mile radius of the pilot communities they serve, rather than within a 5-mile radius.<sup>106</sup> We direct PG&E to revise its CSGT tariff to ensure that all projects are located in DACs as defined by the Decision and to allow SJV pilot community CSGT projects to be within 40 miles of the SJV pilot communities that they serve.

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<sup>100</sup> SCE AL 3851-E-A; Cal. PUC Sheet No. 64761-E; Cal. PUC Sheet No. 64766-E.

<sup>101</sup> D.18-06-027 at COL 3.

<sup>102</sup> SCE AL 3851-E-A. Cal. PUC Sheet No. 64768-E.

<sup>103</sup> D.18-06-027 at 2.

<sup>104</sup> PG&E AL 5362-E-A. Revised Cal. P.U.C. Sheet No. 43689-E.

<sup>105</sup> *Id.* at COL 22.

<sup>106</sup> D.18-12-015 at OP 19(a).

SCE's CSGT tariff states that eligible customers must "reside in a community considered in the top 25 percent of Disadvantaged Communities (DACs), based on CalEnviroScreen 3.0, and within a five-mile radius of a Community Solar (CS) Facility".<sup>107</sup> As discussed above, SCE is directed to revise this statement to reflect the correct definition of DACs used elsewhere in its CSGT tariff (i.e., DACs as defined by the Decision include 22 additional census tracts). In addition, as clarified in D.18-10-007, "the disadvantaged community (as opposed to the potential customer) must be within five miles of the project."<sup>108</sup> It is unclear from SCE's tariff whether it intends for the customer or the customer's DAC to be within 5 miles of the CSGT project. We direct SCE to amend its CSGT tariff to clarify that CSGT projects must be located within 5 miles of a CSGT customer's census tract. We also direct SCE to modify its CSGT tariff to clarify that the census tract of qualifying customers can be located within 40 miles of a CSGT project for SJV pilot communities.

SDG&E's CSGT tariff defines an eligible customer as a "utility customer located within the Utility's service territory who: (i) is located within a top 25% disadvantaged community; (ii) is located within 5 miles from the CSGT Renewable Generating Facility."<sup>109</sup> Similar to SCE, elsewhere in its CSGT tariff SDG&E correctly defines DACs as including 22 additional census tracts that are within the top 5 percent of pollution burden but that do not have an overall CalEnviroScreen score. We direct SDG&E to amend its tariff to use this definition throughout, rather than referring to only the top 25 percent DACs.<sup>110</sup> SDG&E's CSGT tariff also appears to require that CSGT customers be located within 5 miles of the CSGT project rather than for their census tract to be within 5 miles of the project. This is inconsistent with the direction from the NEM DAC Decision. We therefore direct SDG&E to revise its CSGT tariff to clarify that customers in the 22 additional census tracts defined as DACs in the Decision are qualified for

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<sup>107</sup> SCE AL 3851-E-A. Cal. PUC Sheet No. 64761-E.

<sup>108</sup> D.18-10-007 at 11.

<sup>109</sup> SDG&E AL 3262-E-A. Cal. P.U.C. Sheet No. 30886-E.

<sup>110</sup> Notably, SDG&E correctly applies this definition throughout its DAC-GT tariff which defines an eligible customer as "[a] residential utility customer...who (i) is located in a disadvantage community as defined for this program...". SDG&E AL 3262-E-A; Cal. P.U.C. Sheet No. 30882-E.

CSGT and to clarify that CSGT projects are to be located within 5 miles of a CSGT customer's census tract.

### CSGT Community Sponsors

SCE's CSGT tariff states, "Community Sponsors must demonstrate community involvement by sponsoring a Community Solar Green Tariff project on behalf of the residents, building awareness of the program, screen for customer eligibility, and assist customers with enrolling in the CS-Green Tariff program."<sup>111</sup> While, per the Decision, the community sponsor is "to be a catalyst for the community and the project,"<sup>112</sup> the Decision does not place any requirements on the community sponsor after a letter of commitment has been submitted that enables a CSGT project to bid into an RFO. The Decision states only that the sponsor and developer "*could* conduct community outreach"<sup>113</sup> and requires "that utilities (not the sponsor) be responsible for tracking enrollment."<sup>114</sup> As such, there is no requirement that community sponsors screen for customer eligibility, nor that they assist with customer enrollment. Instead, the Decision seeks to motivate post-installation community engagement on the part of the sponsor by requiring that in order for the sponsor to receive a bill discount, 50 percent of the project's output must first be subscribed to income qualified customers.

SCE's tariff as currently written imposes requirements on the community sponsor that go beyond what was envisioned by the NEM DAC Decision, and that might exclude otherwise worthy community sponsors should they not have the resources to meet some of the requirements like screening customers for eligibility and assisting with enrollment. We therefore find it reasonable to require SCE to revise its tariff to remove the requirements that a community sponsor must screen for customer eligibility and assist customers with enrollment.

SCE's CSGT tariff further requires that community sponsors must take service under the CSGT tariff for the length of the Power Purchase Agreement (PPA) for

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<sup>111</sup> SCE AL 3851-E-A. Cal. PUC Sheet No. 64763-E.

<sup>112</sup> D.18-06-027 at 76.

<sup>113</sup> *Id.* at 82 (emphasis added).

<sup>114</sup> *Id.* at 83.

the CSGT project unless they assign this obligation to another party.<sup>115</sup> While the Decision states that it will “limit the sponsor’s discount to the life of the project,”<sup>116</sup> there is no requirement that the sponsor continue to receive bill credits for the life of the project. In order to provide flexibility for community sponsors as well as changing circumstances in the communities they support, the Commission finds that there should be no minimum term required for community sponsors to participate in a project. We therefore direct SCE to revise its CSGT tariff to remove the community sponsor term section.

Finally, the Decision clearly states that multiple community sponsors, if eligible, may share the bill credits for up to 25 percent of a CSGT project’s output.<sup>117</sup> SCE’s and SDG&E’s CSGT tariffs do not discuss the ability of multiple community sponsors to share bill credits under a single CSGT project. We direct SCE and SDG&E to update their CSGT tariffs to align with the direction in the NEM DAC Decision to enable multiple community sponsors to share the 20 percent bill credit for up to 25 percent of a CSGT project’s output.

### **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. Please note that comments are due 20 days from the mailing date of this resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced.

Comments were timely filed on May 20, 2019 by PG&E, SCE, SDG&E, GRID Alternatives, the City and County of San Francisco on behalf of CleanPowerSF (CleanPowerSF), and Peninsula Clean Energy, Marin Clean Energy, East Bay Community Energy, Lancaster Choice Energy, and Clean Power Alliance of Southern California (Joint CCAs).

### **CCA-related Coordination and Implementation Issues**

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<sup>115</sup> SCE AL 3851-E-A. Cal. PUC Sheet No. 64764-E.

<sup>116</sup> D.18-06-027 at 78.

<sup>117</sup> *Id.* at 78.

In their comments, PG&E, SCE, SDG&E, and the Joint CCAs all encourage the Commission to host a stakeholder workshop as soon as possible to coordinate implementation issues between the IOUs and the CCAs. SCE comments that the Commission should not wait to provide direction on how to handle situations in which a CCA expands, decreases, or launches. PG&E and SDG&E specifically urge the Commission to provide direction in the near term on how to address situations in which a DAC-GT or CSGT project is built or is in development in an area where a CCA plans to launch or expand. The Joint CCAs in their comments recommend that the stakeholder workshop explore costs cap issues as well as customer billing and cost tracking. We agree that these topics would benefit from discussion through a workshop. Energy Division staff will host a workshop in the third quarter of 2019 to discuss IOU/CCA coordination issues.

PG&E and SDG&E also request in their comments that the Commission provide direction on the DAC-GT and CSGT program budgeting process for CCAs. PG&E specifically requests that CCAs be directed to submit initial program budgets in their Tier 3 Advice Letters and then submit program budgets annually thereafter. The Joint CCAs assert that the timing for approval of the CCAs' budgets and interaction with the IOUs' ERRA processes warrant discussion in a workshop. We find that it would be most appropriate to discuss processes to coordinate the CCAs' and IOUs' program budget submissions in the stakeholder workshop.

The Joint CCAs also raise several concerns about DAC-GT and CSGT cost containment. Specifically, the Joint CCAs assert that: 1) the DAC-GT cost cap determined in this Resolution should not apply to CCAs, 2) if the DAC-GT and CSGT cost caps are applied to CCAs, the metrics should be revisited, and 3) CCAs must have access to the IOUs' confidential price information to effectively assess program feasibility and proceed with program development. Each of these complex issues warrants further exploration and discussion at the stakeholder workshop.

#### CCA Capacity Allocations

The City and County of San Francisco filed comments on behalf of CleanPowerSF (CleanPowerSF) to correct the number of residential DAC customers served by CleanPowerSF and requested that the Commission adjust the programmatic capacity allocations accordingly. CleanPowerSF notes that it was transitioning residential customers in several DACs onto service by the CCA

in April 2019. Given the time that has passed since receiving the original data from PG&E in March 2019, we agree that it is appropriate to update the data relied on to make capacity allocations in this Resolution. Energy Division staff requested new data from PG&E on the number of residential DAC customers by load serving entity, which PG&E provided on May 22, 2019. We adjust Table 1 of the Resolution to reflect the new data provided by PG&E.

In their comments, the Joint CCAs urge that the Resolution should be amended so that any capacity allocated to a CCA that is traded to another CCA would not be subject to the clawback provision created in this Resolution. We agree that if a CCA has filed a Tier 3 Advice Letter that includes capacity allocated to it by other CCAs and those CCAs have filed comments supporting the transfer of capacity, then that capacity should not be subject to the clawback provision. We update the Resolution to clarify this matter.

The Joint CCAs also advocate that any capacity unused by the CCAs within an IOU's service territory should be allocated to participating CCAs instead of reverting back to the relevant IOU. As described in this Resolution, whether it is appropriate and necessary to use the clawback option will be determined through the proceeding on each IOU's application for review of the DAC-GT and CSGT programs that must be filed no later than January 1, 2021. That forum is also the appropriate venue to determine whether any unused capacity should be allocated to participating CCAs or the relevant IOU. We update the Resolution to ensure the Commission has flexibility in determining whether and how to use the clawback provision.

The Joint CCAs also seek clarification on whether projects procured by CCAs must be located within a DAC within the respective CCA's service territory or within any DAC within the IOU's service territory in which the CCA is located. We clarify that CCA-solicited DAC-GT projects may be located in any eligible DAC within the relevant IOU's service territory. Similarly, we also clarify that this guidance applies to CCA-solicited CSGT projects, as long as each project meets the locational eligibility requirements to be able to serve that CCA's eligible customers.

In addition, the Joint CCAs assert in their comments that the ability to share allocated capacity among CCAs that serve customers that are served by the same IOU should not be restricted to the DAC-GT program. The Joint CCAs point out

that there could be benefit if CCAs with adjacent service territories could solicit a shared CSGT project that serves neighboring DACs. We agree that CCAs should be able to share capacity to develop joint CSGT projects, as long as each project will be able to serve residential customers participating in both CCAs that live in DACs located within 5 miles of the project, or within 40 miles for San Joaquin Valley (SJV) pilot communities. We update the Resolution accordingly.

The Joint CCAs also request clarification on whether CCAs may elect to develop only one of the two programs or if they must develop both a DAC-GT program and a CSGT program. As described in the NEM DAC Decision, CCAs may elect to offer one or both programs. Thus, we update the Resolution to clarify this matter.

The Joint CCAs also request that the Commission confirm that a CCA that does not wish to develop its own DAC-GT and/or CSGT program may allocate that capacity to several CCAs, rather than simply designating one CCA to receive its capacity. We agree that this interpretation is correct and update the Resolution to clarify this matter.

Finally, the Joint CCAs request that the Commission allow any entity that has been allocated DAC-GT or CSGT capacity to file a Petition for Modification when its CSGT program capacity cap has been reached. We remind the Joint CCAs that the Petition for Modification process is detailed in the Commission's Rules of Practice and Procedure and thus reject this request.

#### Customer Eligibility

In its comments, SDG&E reiterates its concerns about serving master-metered customers through the CSGT program, citing the requirements of California Public Utilities Code Section 739.5 b. As already discussed in this Resolution, any residential customer meeting the locational eligibility requirements for CSGT is eligible to participate in the program and therefore, if a master-meter is on a residential rate, the master-meter can participate in the CSGT program and receive a 20% bill discount from the IOU. The onus is on the master-metered customer to consider the applicability of Section 739.5 b and to ensure compliance with all relevant rules and requirements. Thus, we reject SDG&E's recommendation to exclude master-metered customers from participating in the CSGT program.

#### Use of Existing Resources

PG&E requests to be allowed to use existing, underutilized Green Tariff projects to serve DAC-GT projects in perpetuity rather than on an interim basis as required in this Resolution. PG&E has not introduced any new or additional information regarding their existing resources that would justify a change to the Resolution. As previously stated, once new DAC-GT projects come online, DAC-GT customers are to be transferred to these projects, and unsubscribed GT/RPS capacity will be reallocated to the GT/RPS programs.

SCE provided a list of RPS-eligible projects that it asserts are located in DACs and thus are eligible to serve DAC-GT customers. We reiterate that an IOU may utilize existing resources if they meet all of the requirements of the DAC-GT program, including geographic eligibility based on the current version of CalEnviroScreen 3.0 and compliance with CARB's Voluntary Renewable Electricity Program. We update the Resolution to clarify these points. Finally, we update the Resolution to clarify that while IOUs *may* serve DAC-GT customers through existing Green Tariff or RPS projects that meet all eligibility requirements of the DAC-GT program on an interim basis until new DAC-GT projects come online, the IOUs are not required to do so.

#### IT Upgrades

PG&E requests that it be permitted to have 12 months to complete its IT upgrades. As PG&E has not introduced any new or additional information that would justify a change to the Resolution, we maintain the nine-month requirement.

While agreeing that there is a low risk that a project would come online prior to the implementation of its customer information system, SDG&E requests that the requirement to use manual billing be removed from the Resolution. SDG&E asserts that the miscellaneous credit that would show on customers' bills if manual billing was used could be confusing to customers and obfuscate the benefit they were receiving through the DAC-GT or CSGT program. SDG&E should prepare a holistic customer education plan in its 2019-2021 ME&O plan. If SDG&E feels that customers could be confused by manual billing, SDG&E should develop a communication strategy to address that potential scenario. As SDG&E has not introduced any new or additional information that would justify a change to the Resolution, this request is rejected.



SCE requests that the Resolution direct SCE to begin manual billing for DAC-GT within 18 months after issuance of a final Resolution to prevent overlap with its Customer Service Re-platform project. As discussed above, SCE asserts in its comments on this Resolution that it has a number of existing projects that are eligible to serve DAC-GT customers. SCE asserts that therefore its manual billing costs would be high if it must immediately serve DAC-GT customers through manual billing. As clarified above, each IOU may, but is not required to, serve DAC-GT customers using eligible, existing resources. Thus, SCE may determine when, and if, to enroll customers prior to the procurement of new DAC-GT projects. We update the Resolution to clarify this matter and to underscore that no customers should be enrolled in the DAC-GT program using previously procured resources until the IOU has a process in place to accurately bill those customers on a monthly basis.

#### Process for Program Budget Submissions and Review

PG&E encourages the Commission to retain flexibility regarding funds collected and budgeted through ERRRA. PG&E asserts that situations could arise in which it is prudent to either delay collection of GHG allowance proceeds or return unspent funds to customers. Thus, PG&E recommends that each IOU be allowed to propose, as appropriate, that unspent program funds be retained in its balancing accounts or be made available for disbursement in the next year's Climate Credit. We see no risk in allowing for additional flexibility, as the IOUs' DAC-GT and CSGT budget request will be reviewed annually both by Energy Division staff and through ERRRA. We update the Resolution to provide flexibility in the disposition of GHG allowance funding.

SDG&E raises concerns about the budget allocations established in this Resolution of 10 percent for program administration and 4 percent for ME&O within the DAC-GT and CSGT program budgets. In particular, SDG&E notes that due to the smaller capacity allocated to the CSGT program, CSGT budgets will likely be smaller than DAC-GT budgets. SDG&E notes, however, that, administration costs of the CSGT program may be as high, if not higher than administration costs of the DAC-GT program. The Resolution already allows the IOUs to submit a request for the administrative and ME&O budget allocations to be revisited. In addition, the Resolution also asserts that the budget caps will not apply to program costs for 2019 and 2020. If in future years, the IOUs feel that the budget allocations need to be revisited, they may submit a rationale for why the

adjustment is warranted, supported by actual programmatic implementation experience and costs.

SDG&E also comments that some contractor or vendor details that are required to be submitted in the program budget submissions may need to be reported confidentially if they are being provided prior to an RFP. This is reasonable and does not require any modification to the Resolution.

SCE notes in its comments that it often enters into contracts with vendors that do not necessarily require vendors to provide the level of detail on estimated costs that the IOUs are required to submit for DAC-GT and CSGT program costs, including ME&O costs. We find SCE's suggested addition that IOUs must include the cost details specified in this Resolution when that information is available to the IOUs to be reasonable. We update the Resolution accordingly, but note that when this level of detail is not available, the IOU will be required to provide a narrative statement on the analysis it has performed to ensure that vendor costs are reasonable.

#### ME&O Plan

PG&E comments that, due to the time required for its billing system updates, customers will not be able to enroll in DAC-GT or CSGT programs until Q1 2020. As a result, there would be no lessons learned on how to successfully market these programs to residential DAC customers by the time that the 2021 ME&O plan would be due on February 1, 2020. Thus, PG&E requests that the initial ME&O plan cover program years 2019-2021. We find PG&E's suggestion reasonable and relevant to SCE and SDG&E as well and we update the Resolution accordingly.

PG&E also requests that the initial ME&O filing be due 60 days after ME&O guidelines are provided by Energy Division staff. We clarify that, as stated in this Resolution, the review process of the IOU's initial ME&O filings for 2019-2021 will establish expectations and templates for the IOU's future ME&O plan submissions (2022 and beyond).

Finally, PG&E's comments request that the IOUs not be required to promote CARE, FERA, and other program such as ESA, to DAC-GT and CSGT customers. We clarify that the IOUs are not required to promote these programs to every DAC-GT or CSGT customer, but instead, as stated in this Resolution, the IOUs' ME&O plans must identify opportunities to leverage customer engagement. It is

particularly important that each IOU develop strategies to identify residential customers in DACs who are likely eligible for the CARE and FERA programs but who are not yet enrolled, as these customers will likely experience the greatest energy burden reduction by enrolling in DAC-GT or CSGT.

SDG&E's comments similarly misinterpret what is intended in the ME&O plan submissions. SDG&E interprets the direction provided in this Resolution to require IOUs to allocate ME&O funding to community based organizations (CBOs) and thus, to require IOUs to work with CBOs. Instead, the IOUs' ME&O plans are to identify any ME&O funding that *may* be allocated to CBOs. IOUs have flexibility in designing their ME&O strategies for these programs. We update the Resolution to clarify this matter.

#### Project Solicitations

PG&E comments that it has a strong preference for projects that it procures to have full capacity deliverability status. PG&E asserts that grid conditions have changed since the last RPS guidance was provided in 2013. While we acknowledge that projects with full deliverability provide benefits to both the grid and to customers, this is not the correct forum to revisit RPS policy. We maintain existing RPS policy in launching the new DAC-GT and CSGT programs and require the IOUs to consider both full deliverability and energy-only projects in their DAC-GT and CSGT project solicitations.

#### Portability

PG&E and SDG&E comment that DAC-GT or CSGT customers whose program eligibility is recertified after moving should not be allowed to retain their status as a program participant indefinitely. PG&E asserts that customers should forfeit their status as program participants if they do not contact PG&E to transfer their enrollment within 30 days. SDG&E's approach would instead require that the customer's turn-on date at their new location is within 3 months of their final billing date at their original location. We find that SDG&E's approach puts less burden on customers and is better aligned with the goal of DAC-GT and CSGT to serve DAC populations that have faced barriers to participating in renewable energy. The Resolution is modified according to SDG&E's suggestion.

PG&E also comments that it may be necessary to place a participating customer who moves on a waitlist if a project is fully subscribed. This could not be the case for DAC-GT since that customer's share of the DAC-GT program's procured

capacity would still be available. We acknowledge that this could be the case, however, if a CSGT customer moves within 5 miles of a CSGT project that is already fully subscribed. The Resolution is modified accordingly.

### Reporting Requirements

In its comments, PG&E requests that the Commission clarify when the reporting requirements described in this Resolution will begin. We agree with PG&E that there would be little benefit to requiring reports on the DAC-GT and CSGT programs before there are any participating customers or projects procured. We modify the Resolution to specify that each IOU's first quarterly or semi-annual report will be due on the first scheduled due date after it completes its first RFO or has initiated customer enrollment, whichever occurs first.

### CSGT Locational Eligibility

GRID Alternatives comments that SCE should be directed to revise its CSGT tariff to allow projects that serve SJV pilot communities to be within 40 miles of the SJV pilot communities that these projects serve. We modify the Resolution to clarify this item but also note that this change is already addressed in Ordering Paragraph 1.w.

## FINDINGS AND CONCLUSIONS

1. Assembly Bill (AB) 327 (Perea, 2013) required the California Public Utilities Commission (Commission) to develop specific alternatives to the net energy metering (NEM) successor tariff designed to increase adoption of renewable generation by residential customers in disadvantaged communities (DACs).
2. On June 22, 2018, pursuant to AB 327, the Commission adopted Decision (D.)18-06-027 (NEM DAC Decision), creating three new programs to provide residential customers in DACs with increased access to renewable generation: the DAC Single-family Solar Homes (DAC-SASH) program, the DAC Green Tariff (DAC-GT) program, and the Community Solar Green Tariff program (CSGT).
3. The NEM DAC Decision required the IOUs to file Tier 2 Advice Letters (ALs) to create a DAC-GT tariff and a CSGT tariff.

4. To satisfy the requirements in the NEM DAC Decision, on August 20, 2018, Pacific Gas and Electric Company (PG&E) filed AL 5362-E, Southern California Edison (SCE) filed AL 3851-E, and San Diego Gas & Electric Company (SDG&E) filed AL 3262-E. SDG&E filed supplemental AL 3262-E-A on August 24, 2018.
5. On September 10, 2018, Peninsula Clean Energy on behalf of itself, Marin Clean Energy, Sonoma Clean Power, and Lancaster Choice Energy (jointly as “Protesting CCAs”) submitted a timely protest of PG&E AL 5362-E and SCE AL 3851-E.
6. On September 10, 2018, the Interstate Renewable Energy Council (IREC) and the Sustainable Economies Law Center (SELC) submitted a timely response to PG&E AL 5362-E, SCE AL 3851-E, and SDG&E AL 3262-E.
7. On September 17, 2018, PG&E and SCE replied to the protest of their ALs by the Protesting CCAs and to the response to their ALs by IREC/SELC.
8. On September 17, 2018, SDG&E replied to the response to its AL by IREC/SELC.
9. On October 18, 2018, the Commission issued D.18-10-007 to make corrections and clarifications to the NEM DAC Decision.
10. On December 19, 2018, the Commission issued D.18-12-015, *Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects*. Decision 18-12-015 modified the locational eligibility requirements for CSGT projects serving San Joaquin Valley pilot communities.
11. PG&E filed supplemental AL 5362-E-A on February 13, 2019, SCE filed supplemental AL 3851-E-A on February 27, 2019, and SDG&E filed second supplemental AL 3262-E-B on January 24, 2019, to address program implementation changes directed in subsequent decisions and issues raised in the protest and response.
12. The NEM DAC Decision authorized community choice aggregators (CCAs) to develop and implement their own DAC-GT and CSGT programs, and authorized them to access greenhouse gas (GHG) allowance revenues and public purpose program funds to support these programs, if each CCA submits a Tier 3 AL demonstrating how their DAC-

GT and CSGT programs will abide by all rules and requirements for the programs established in the NEM DAC Decision.

13. The NEM DAC Decision did not provide direction on how capacity for the DAC-GT and CSGT programs should be allocated between PG&E, SCE, and SDG&E and the CCAs.
14. It is necessary for PG&E, SCE, and SDG&E to have certainty on the total capacity available for their DAC-GT and CSGT programs in order for them to launch their DAC-GT and CSGT solicitations.
15. The DAC-GT and CSGT programs have geographic eligibility criteria and CCAs have clear geographic service areas.
16. It is reasonable to allocate capacity to CCAs based on the proportional share of residential customers in DACs that each CCA serves, as this will align capacity allocation with share of residential DAC customers. This allocation is set out in Table 1 and Table 2 in this Resolution.
17. To provide CCAs flexibility in approaching implementation of their DAC-GT or CSGT programs, it is reasonable to allow CCAs that serve customers that are served by the same IOU to share and/or trade program capacity as described in this Resolution.
18. It is unclear at this time whether and to what extent CCAs will be interested in offering their own DAC-GT and CSGT programs.
19. To ensure that capacity that could otherwise serve eligible customers does not go unsubscribed, it is reasonable to establish a clawback provision such that, if the Commission deems appropriate, the program capacity allocated to a CCA in Table 1 and Table 2 of this Resolution shall revert back to PG&E, SCE, and SDG&E or to another participating CCA, if the CCA does not file a Tier 3 AL by January 1, 2021 detailing its plan to implement DAC-GT and CSGT programs and stating the capacity it will procure for each program, including any capacity allocated to it by other CCAs or shared with other CCAs.
20. The NEM DAC Decision requires PG&E, SCE, and SDG&E to file an application for review of their DAC-GT and CSGT programs no later than January 1, 2021.

21. To ensure that capacity that could otherwise serve eligible customers does not go unsubscribed, it is reasonable for the Commission to determine whether it is appropriate and necessary to use the CCA capacity clawback provision through PG&E's, SCE's, and SDG&E's applications for review of the DAC-GT and CSGT programs.
22. If conflicts are identified between PG&E's, SCE's, and SDG&E's approved implementation plans and a CCA's program implementation plan, it is reasonable to address them in the resolution disposing of the CCA's Tier 3 implementation plan AL.
23. The NEM DAC Decision is clear that greenhouse gas (GHG) allowance proceeds and public purpose program funds can be used to fund DAC-GT and CSGT projects in any qualified DAC within an IOU's service territory, regardless of whether the Power Purchase Agreement for the project is held by a utility or by a CCA.
24. It is consistent with the NEM DAC Decision for CSGT eligible community sponsors to earn and retain a 20 percent bill discount on up to 25 percent of a CSGT project's output for the life of the project after the 50 percent low-income subscription threshold is met.
25. It is consistent with the NEM DAC Decision for residential DAC customers who are not eligible for CARE or FERA but who still meet the geographic eligibility requirements for CSGT to receive a 20 percent bill discount after the 50 percent low-income subscription threshold is met.
26. It is consistent with the NEM DAC Decision that low-income customers under DAC-GT and CSGT must be eligible for CARE and FERA, but they need not necessarily be enrolled in these programs to be eligible for DAC-GT and CSGT.
27. It is consistent with the NEM-DAC Decision that the 20 percent discount for DAC-GT and CSGT is to be applied to a customer's otherwise applicable tariff.
28. It is reasonable for a customer's otherwise applicable tariff to be a CARE or FERA rate if they enroll in either of these programs in the process of enrolling in the DAC-GT or CSGT programs.

29. It is consistent with the NEM DAC Decision that any residential customer meeting the locational eligibility requirements for CSGT is eligible to participate in the program.
30. As long as a mastered-meter property's account is on a residential rate and meets the locational eligibility requirements, it is consistent with the NEM DAC Decision for the property's account to be eligible to subscribe to a CSGT project once the 50 percent low-income threshold is met.
31. It is reasonable to have the IOUs track and report the number of master-metered customers participating in the CSGT program so future program evaluations may examine impacts on tenants.
32. As this Resolution is up for consideration in the second quarter of 2019, it would not be procedurally possible for PG&E, SCE, and SDG&E to run Request for Offers (RFOs) by August 1, 2019, because their RFO solicitation documents require review and approval by the Commission prior to an RFO being launched, and there would not be sufficient time for them to submit their RFO solicitation documents to the Commission and have them approved by August 1, 2019.
33. The NEM DAC Decision specifies that there is no minimum project size for CSGT projects. Therefore, it is not consistent with the NEM DAC Decision for a utility to impose requirements that would penalize CSGT projects that are smaller than 500 kilowatts (kW).
34. The NEM DAC Decision does not state any preference for a CSGT community sponsor subscribing to a project.
35. It is consistent with Commission policy under the renewables portfolio standard (RPS) program for DAC-GT and CSGT projects to be eligible to bid into RFOs for either full capacity deliverability or energy-only status.
36. It is reasonable to serve DAC-GT customers on an interim basis using existing renewable projects that meet all requirements for DAC-GT project eligibility so as not to delay customers' ability to receive the benefits of the DAC-GT program while waiting for DAC-GT projects to come online.
37. PG&E's, SCE's, and SDG&E's unique IT requirements could result in different timelines for DAC customers to participate in DAC-GT and CSGT, depending on which utility service territory they live in.



38. Due to the timeline anticipated for DAC-GT and CSGT projects to come online in SCE and SDG&E's service territories, it is reasonable to require SCE and SDG&E to use manual billing to serve any customers who are eligible to sign up for DAC-GT or CSGT before SDG&E's and SCE's new billing systems are operational.
39. Due to PG&E's ability to serve DAC-GT customers through existing resources, it is reasonable to allow PG&E to wait to enroll customers in the DAC-GT program until after its billing system updates are completed.
40. It is necessary to establish an annual budget process for the DAC-GT and CSGT programs so that PG&E, SCE, and SDG&E are able to hold GHG revenue for these programs in their annual Energy Resource Recovery Account (ERRA) forecast.
41. Beginning with the 2021 budgets for DAC-GT and CSGT, it is reasonable to adopt the same budget allocations established in the NEM DAC Decision for the DAC-SASH program: 10 percent for program administration and 4 percent for ME&O. Specifically for the DAC-GT and CSGT programs, it is reasonable for no more than 10 percent of each program's budget in a given year to be allocated to program administration and no more than 4 percent of each program's budget in a given year to be allocated to ME&O.
42. It is reasonable that start-up costs may be higher within the first years of the program, thus it is appropriate to allow PG&E, SCE, and SDG&E to propose administrative and ME&O costs that are above the 10 percent and 4 percent caps established in this Resolution for 2019 and 2020 program costs only.
43. Since program implementation needs can change over time, it is reasonable to allow PG&E, SCE, and SDG&E to submit a Tier 3 AL requesting an adjustment to the 10 percent administrative and 4 percent ME&O budget allocations with an accompanying rationale for why the adjustment is warranted.
44. It is reasonable to require each IOU to submit annual program budget estimates via a Tier 1 AL by February 1<sup>st</sup> of every year, starting in 2020, for the next program year. The 2020 AL would provide an annual budget for program year 2021.

45. It is appropriate to allow unspent DAC-GT and CSGT program funding to accrue in PG&E's, SCE's, and SDG&E's balancing accounts from one year until the next, similar to the process established for the DAC-SASH program.
46. The February 1<sup>st</sup> annual program budget AL deadline has already passed for the 2019 and 2020 DAC-GT and CSGT program budget submissions.
47. Since the initial DAC-GT and CSGT program budget estimates warrant a more extensive review by Energy Division staff and will establish expectations and templates for PG&E's, SCE's, and SDG&E's future budget submissions, it is appropriate for PG&E, SCE, and SDG&E to submit updated budget estimates for program years 2019 and 2020 via a Tier 2 AL within 60 days of issuance of this Resolution.
48. It is appropriate for PG&E, SCE, and SDG&E to submit annual ME&O plans by February 1<sup>st</sup> of every year for the next program year as part of their annual program budget Tier 1 AL filing, starting in 2021.
49. It is reasonable for the PG&E's, SCE's, and SDG&E's first ME&O plan submission to include 2021 ME&O plans as no lessons learned on how to successfully market DAC-GT or CSGT to residential DAC customers are likely to be available by the time that the 2021 ME&O plan would otherwise be due.
50. The February 1<sup>st</sup> annual program budget AL deadline has already passed for the 2019 and 2020 DAC-GT and CSGT ME&O plan submission.
51. Since the initial ME&O filings warrant a more extensive review by Energy Division staff and will establish expectations and templates for PG&E's, SCE's, and SDG&E's future ME&O plan submissions, it is appropriate for PG&E, SCE, and SDG&E to file their 2019-2021 ME&O plan within 60 days of issuance of this Resolution as part of its Tier 2 updated program budgets AL.
52. It is appropriate to interpret the first year of the CSGT program as the first year customers are able to subscribe to projects, or 2021, whichever occurs first.

53. The NEM DAC Decision establishes a program evaluation budget of one percent of total annual funding for the DAC-SASH program, which is equal to \$100,000.
54. Since there is no set budget for the DAC-GT and CSGT programs, setting an evaluation budget based on a percent of annual funding would not provide a predictable budget for program evaluation activities.
55. Since the DAC-GT and CSGT programs are two separate programs, it is reasonable for them to collectively have twice the annual program evaluation budget of the DAC-SASH program. Thus, it is appropriate to have a total of \$400,000 in program funding set aside by PG&E, SCE, and SDG&E in 2020 to cover the costs of the first program evaluation in 2021, with a total of \$200,000 to be set aside by PG&E, SCE, and SDG&E for program evaluation annually thereafter.
56. It is appropriate for funding for program evaluation to be set aside by PG&E, SCE, and SDG&E according to their proportional share of capacity for the DAC-GT and CSGT programs: 44 percent for PG&E, 44 percent for SCE, and 12 percent for SDG&E.
57. It is appropriate to bring PG&E's, SCE's, and SDG&E's different processes and timelines for their DAC-GT/CSGT RFOs into closer alignment to create a more consistent experience for DAC customers and project developers across service territories.
58. It is infeasible for PG&E, SCE, and SDG&E to release RFOs within 90 days of issuance this Resolution as described in D.18-12-015, *Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects*, because their RFO solicitation documents must first be reviewed and approved by Commission staff.
59. It is reasonable for PG&E, SCE, and SDG&E to submit solicitation documents for their first DAC-GT/CSGT RFO within 60 days of issuance of this Resolution and to launch their first RFO within 60 days of the Commission's approval of their solicitation documents.
60. It is appropriate to establish an auction clearing price cap for DAC-GT projects for consistency with the cap on CSGT and GTSR projects, and in order to limit program costs.

61. It is reasonable for the maximum CSGT project size to be a static, non-declining number up until each utility has less than that capacity remaining to be procured under their CSGT program cap.
62. It is reasonable to apply a per customer enrollment cap of 2 MW to the DAC-GT and CSGT programs for consistency with the GTSR program and to maximize the number of customers that can be served by the programs.
63. It is reasonable to require PG&E, SCE, and SDG&E to recertify the eligibility of customers participating in the DAC-GT and CSGT programs who subsequently move, to ensure the programs are reaching the intended beneficiaries, and to allow the customers to retain their participant status if found to still be eligible.
64. The NEM DAC Decision states that program eligibility should be updated based on the latest version of CalEnviroScreen. As such, PG&E, SCE, and SDG&E should update program eligibility rules and associated language in their DAC-GT and CSGT tariffs as soon as a new version of CalEnviroScreen is released.
65. It is appropriate for customers who are already enrolled in DAC-GT to retain their eligibility even if the census tract in which they live is no longer a qualified DAC in a subsequent version of CalEnviroScreen so as to not penalize customers who were previously eligible and whose situation has not changed. Similarly, DAC-GT projects contracted under the DAC-GT program will continue to be eligible to serve customers under the DAC-GT program, even if no longer in a top 25 percent DAC in the latest version of CalEnviroScreen.
66. In order to be eligible to subscribe to a CSGT project, customers must live in a DAC that is within 5-miles of the CSGT project. Thus, it is appropriate for DACs within 5 miles of a CSGT project that has executed a PPA with PG&E, SCE, or SDG&E to retain eligibility throughout the life of that project to ensure that the output of that project can be fully subscribed even if the local census tracts are no longer designated as a qualified DAC in a future iteration of CalEnviroScreen.
67. To ensure that DAC-GT and CSGT customers receive 100 percent renewable energy, it is reasonable to apply the GTSR requirements

regarding the retirement of Renewable Energy Credits (RECs) to the DAC-GT and CSGT programs.

68. For purposes of consistency across PG&E, SCE, and SDG&E programs, it is reasonable for PG&E, SCE, and SDG&E to use a streamlined version of the reporting requirements for GTSR in the DAC-GT and CSGT programs.
69. In order to have data to report, it is reasonable for each IOU to wait to submit its first quarterly or semi-annual report until the first scheduled due date after it completes its first RFO or has initiated customer enrollment, whichever occurs first.
70. For consistency with direction in the NEM DAC Decision, it is reasonable to require PG&E, SCE, and SDG&E to apply the definition of DACs as the top 25 percent of census tracts statewide under CalEnviroScreen 3.0, as well as 22 census tracts in the highest 5 percent of CalEnviroScreen's Pollution Burden but that do not have an overall CalEnviroScreen score, throughout their tariffs.
71. Since the programs created in the NEM DAC Decision were designed as alternatives to NEM it is reasonable for customers already taking service under a NEM tariff to be ineligible for the DAC-GT and CSGT programs.
72. It is consistent with the NEM DAC Decision for all DAC-GT and CSGT projects to be located in DACs, as defined in that Decision.
73. D.18-12-015 provided that CSGT projects in SJV pilot communities can be within a 40-mile radius of the SJV pilot communities they serve, rather than within a 5-mile radius.
74. D.18-10-007 clarified that CSGT projects must be within 5 miles of the census tract in which subscribing customers reside, not within 5 miles of each subscribing customer's address.
75. The NEM DAC Decision does not place any requirements on the CSGT community sponsor after a letter of commitment has been submitted that enables a CSGT project to bid into an RFO.
76. It is consistent with the NEM DAC Decision for there to be no minimum term for community sponsors to participate in a CSGT tariff.

77. It is consistent with the NEM DAC Decision for multiple community sponsors, if eligible, to be able to share the 20 percent bill credit for up to 25 percent of a CSGT project's output.

**THEREFORE IT IS ORDERED THAT:**

1. Pacific Gas and Electric Company (PG&E) Advice Letters 5362-E/E-A, Southern California Edison (SCE) Advice Letters 3851-E/E-A, and San Diego Gas & Electric Company (SDG&E) Advice Letters 3262-E/E-A/E-B are approved with the modifications set forth below and otherwise specified herein. PG&E, SCE, and SDG&E shall each submit supplemental compliance Advice Letters within 30 days of the issuance of this Resolution with revised Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) tariffs that reflect the changes to the tariffs directed below:
  - a. SCE shall update its CSGT tariff to provide the 20 percent bill discount to non-low income, as well as income qualified, customers.
  - b. SCE shall update its DAC-GT and CSGT tariffs to allow customers who are eligible for the California Alternate Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program to participate in DAC-GT and CSGT as income-qualified customers, even if they are not enrolled in CARE or FERA.
  - c. PG&E, SCE, and SDG&E shall apply the 20 percent DAC-GT or CSGT discount to a customer's new CARE or FERA rate, if that customer enrolls in CARE or FERA in the process of signing up for the DAC-GT or CSGT programs.
  - d. SCE and SDG&E shall revise their CSGT tariffs to enable master-metered accounts that are on residential rates to participate after the requirement that 50 percent of the project's capacity is subscribed to low-income customers is met.
  - e. SDG&E shall revise its CSGT tariff to state that 50 percent of a CSGT project's capacity must be subscribed to low-income customers before a community sponsor is eligible to receive any bill discounts and to enable community sponsors to retain bill discounts for the life of the project once this condition is met.

- f. Once an IOU has completed its first RFO or initiated customer enrollment, whichever occurs first, within 30 Calendar Days after the end of each calendar quarter, PG&E, SCE, and SDG&E shall file a report in R.14-07-002, or a successor proceeding, and serve the same report on that service list, for the previous quarter and cumulatively, with the following minimum information for the DAC-GT and CSGT programs: capacity procured, capacity online, and customers subscribed. The quarterly reports should also identify the DACs in which DAC-GT or CSGT project is located and list the number of customers participating in each program in each DAC within a utility's service territory. Finally, the quarterly reports must include the number of customers who have successfully enrolled in CARE and FERA in the process of signing up for the DAC-GT or CSGT programs.
- g. Once an IOU has completed its first RFO or initiated customer enrollment, whichever occurs first, semi-annually, within 30 Calendar Days after the end of the second quarter of the year and the fourth quarter of the year, PG&E, SCE, and SDG&E shall report to Energy Division Central Files the number of income-qualified customers subscribed to each CSGT project and the capacity allocated to those customers, whether a waitlist of non-income-qualified customers exists and the size of that list, and if project sponsors are receiving bill credits under CSGT projects, the size of each sponsor's subscription. In these semi-annual reports PG&E, SCE, and SDG&E shall also include the number of master-metered accounts participating in the CSGT program, and the total program capacity allocated to those master-metered accounts.
- h. SCE shall amend its CSGT tariff so to not require CSGT projects that are smaller than 500 kilowatts to be proportionally responsible for SCE's costs associated with aggregation.
- i. PG&E, SCE, and SDG&E may only serve DAC-GT customers through existing RPS or Green Tariff (GT) eligible resources that meet all program rules for DAC-GT projects and only on an interim basis. Once new DAC-GT projects are interconnected in a utility's service territory, that utility must transfer DAC-GT customers to

these projects and unsubscribed RPS or GT capacity must be reallocated to the RPS or GT program.

- j. SCE shall amend its DAC-GT tariff to explicitly define DAC-Green Facility as a renewable energy project that is located in a DAC, as defined in Decision 18-06-027.
- k. SCE and SDG&E shall use manual billing to serve any customers who are eligible to sign up for DAC-GT or CSGT before SDG&E's and SCE's new billing systems are live.
- l. PG&E may wait to enroll customers in the DAC-GT program until after its billing system updates are completed, but PG&E must prioritize the DAC-GT IT project and enroll eligible customers in DAC-GT within 9 months of issuance of this Resolution.
- m. PG&E, SCE, and SDG&E shall use a static, non-declining number for the maximum CSGT project size, up until each utility has less than that amount of capacity remaining to be procured under its CSGT program cap.
- n. SCE and SDG&E shall update their DAC-GT and CSGT tariffs to impose a 2 MW cap on a single customer's subscription to either program.
- o. PG&E, SCE, and SDG&E shall recertify the eligibility of customers participating in the DAC-GT and CSGT programs after moving to a new residence, to ensure the programs are reaching the intended beneficiaries but shall allow customers who are found to still be eligible for the DAC-GT or CSGT program to retain their status as program participants and shall not put these customers on a waitlist as long as capacity is available and the customer's turn-on date at their new location is within 90 days of their final billing date at their original location.
- p. PG&E, SCE, and SDG&E shall update their DAC-GT and CSGT tariffs as soon as a new version of CalEnviroScreen is released in order to reflect the latest program eligibility rules by filing a Tier 1 advice letter within 30 days of the release of the new version.



- q. PG&E, SCE, and SDG&E shall allow customers enrolled in DAC-GT to retain their eligibility even if the census tract in which they live is not scored as a top 25 percent DAC in a subsequent version of CalEnviroScreen. Similarly, PG&E, SCE, and SDG&E shall allow DAC-GT projects contracted under the DAC-GT program to continue to be eligible to serve customers under the DAC-GT program, even if no longer in a qualified DAC in the latest version of CalEnviroScreen.
- r. PG&E, SCE, and SDG&E shall allow a CSGT project with which it has executed a Power Purchase Agreement (PPA) to retain its original customer eligibility rules throughout the life of that project, even if the local qualified DAC designations change in subsequent iterations of CalEnviroScreen.
- s. PG&E, SCE, and SDG&E will ensure that all renewable energy resources used to serve customers participating in the DAC-GT and CSGT programs comply with the California Air Resources Board's Voluntary Renewable Electricity Program. PG&E, SCE, and SDG&E will retire California-eligible greenhouse gas allowances associated with these purchases on behalf of participating customers as part of the California Air Resources Board's Voluntary Renewable Electricity Program. PG&E, SCE, and SDG&E shall track the retirement of renewable energy credits through Green-e Energy Certification.
- t. SCE shall revise its DAC-GT and CSGT tariffs to apply the definition of DACs – the top 25 percent of census tracts under CalEnviroScreen and 22 census tracts in the top 5 percent of pollution burden that do not have an overall CalEnviroScreen score – consistently throughout its tariffs.
- u. SCE shall revise its DAC-GT tariff to state that net energy metering (NEM) customers are not eligible to participate in DAC-GT.
- v. PG&E shall modify its CSGT tariff to ensure that all projects are located in DACs as defined by the Decision and that the projects are sited within 5 miles of the DACs in which subscribing customers reside, except for SJV CSGT projects which can be located in DACs

or SJV pilot communities that are located within 40 miles of the SJV pilot communities that they serve.

- w. SCE shall modify its CSGT tariff to clarify that a qualifying customer's census tract, not the customer's address, must be within 5 miles of a CSGT project. SCE shall also modify its CSGT tariff to clarify that the census tract of qualifying customers can be located within 40 miles of a CSGT project for SJV pilot communities.
- x. SDG&E shall revise its CSGT tariff to clarify that customers in the 22 additional census tracts defined as DACs in the Decision are qualified for the CSGT program and to clarify that a qualifying customer's census tract, not the customer's address, must be within 5 miles of a CSGT project.
- y. SCE shall revise its CSGT tariff to remove the requirements that a community sponsor screen customer eligibility and assist customers with enrollment and remove the community sponsor term section.
- z. SCE and SDG&E shall update their CSGT tariffs to enable multiple community sponsors, if eligible, to share the 20 percent bill credit for up to 25 percent of a CSGT project's output.
- aa. PG&E, SCE, and SDG&E must not include in their Request for Offers (RFO) solicitation scoring, any qualitative benefits for projects that are able to demonstrate that they have a local sponsor that is eligible to absorb up to 25 percent of the project's capacity. PG&E, SCE, and SDG&E shall consider both full capacity deliverability and energy-only status projects in their DAC-GT and CSGT RFOs.
- bb. SCE's initial RFO may include a Request for Information (RFI) but must also seek to procure CSGT resources.
- cc. As PG&E will only be allowed to serve DAC-GT customers with existing GT projects that meet all program rules for DAC-GT projects on an interim basis, PG&E must solicit new DAC-GT projects, as well as CSGT projects, in its first RFO.
- dd. PG&E, SCE, and SDG&E shall include a cost containment mechanism for the DAC-GT program in their RFO solicitation documents that is 200 percent of the maximum executed contract

price in the previous Renewable Auction Mechanism's as-available peaking category or the previous Green Tariff, whichever is higher.

- ee. SCE shall include the correct language for the cost containment mechanism for the CSGT program in its RFO solicitation documents which is the maximum executed contract price in the previous Renewable Auction Mechanism's as-available peaking category or the previous Green Tariff, whichever is higher.
2. Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) shall submit an annual program budget estimate and an annual Marketing, Education, and Outreach (ME&O) plan via a Tier 1 Advice Letter by February 1<sup>st</sup> of every year, starting in 2020, for the next program year. For 2021 program budget submissions, PG&E, SCE, and SDG&E may include their previously filed, 2019-2021 ME&O plans. Each utility's Tier 1 Advice Letter must include separate program budget estimates for the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs and clearly identify any costs that are shared between the two programs. At a minimum, the annual program budgets must include line items for any above market generation costs, the 20 percent bill discount, program administration, and ME&O. Budget submissions must adhere to all requirements described in this Resolution. Beginning with the 2021 program budgets that are to be submitted by February 1, 2020, PG&E, SCE, and SDG&E shall allocate no more than 10 percent of each program's budget in a given year for program administration and no more than 4 percent of each program's budget in a given year for ME&O. PG&E, SCE, and SDG&E may propose administrative and ME&O costs that are above the 10 percent and 4 percent caps established in this Resolution for 2019 and 2020 program costs only, to account for any start-up costs that may be higher in the first years of the program. In addition, PG&E, SCE, and SDG&E are authorized to submit a Tier 3 Advice Letter requesting an adjustment to the 10 percent administrative and 4 percent ME&O budget allocations with an accompanying rationale for why the adjustment is warranted.
  3. Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company (the IOUs) may retain unspent Disadvantaged Communities Green Tariff and Community Solar Green Tariff program

funding in their balancing accounts from one year until the next, subject to review in each utility's annual Energy Resource Recovery Account (ERRA) proceeding. In their annual budget submissions, the IOUs may identify any funds that are already collected that will not be needed in the coming year and may propose that these funds be disbursed back to customers.

4. Every year Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company shall reconcile prior year budget estimates and expenditures in their annual budget advice letter filings for the next program year. For a given utility, any unspent balance from the prior year is to be applied to the requested program funding, thereby reducing the amount of greenhouse gas (GHG) allowance proceeds or public purpose program funds that may be set aside by that utility in its next Energy Resource Recovery Account (ERRA) Forecast. If a utility's preceding ERRA Compliance proceeding is not yet decided at the time that its next ERRA Forecast application is filed, it shall use its Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) program budget estimates for the next program year, reduced by any balance remaining in its balancing account after accounting for prior year expenditures, in its ERRA Forecast. If a utility proceeds in this manner, it must submit a revision to the amount of GHG allowance proceeds and public purpose program funds to be set aside for DAC-GT and CSGT no later than the November ERRA Forecast update based on the eventual ERRA Compliance Decision that determines prior year DAC-GT and CSGT program expenditures.
5. Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) shall submit updated program budget estimates for the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs via Tier 2 DAC-GT and CSGT Program Budget Advice Letters within 60 days of issuance of this Resolution. These program budgets must cover programmatic costs for 2019 and 2020 and must reflect all changes required to be made to each utility's program implementation plans in this Resolution. The revised budgets must include funding for the independent evaluator for 2019-2020 as specified in this Resolution (\$176,000 each for PG&E and SCE and \$48,000 for SDG&E). In addition, the revised budgets must reflect any greenhouse gas

(GHG) revenue approved to be set aside by each utility for DAC-GT and CSGT in its 2019 Energy Resource Recovery Account (ERRA) Forecast Decision. Since each utility's revised program budgets will not have been submitted prior to when it must submit its 2020 ERRA Forecast filing, each utility should set aside the 2019-2020 program funding requested in its implementation AL, adjusted by the 2019 GHG allowance revenue approved for that utility's DAC-GT and CSGT programs. PG&E, SCE, and SDG&E must submit a revision to their ERRA forecast filings no later than the November Update once updated 2019-2020 program budget amounts are approved by the Energy Division.

6. Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company shall submit, within 60 days of issuance of this Resolution, their 2019-2021 Marketing Education and Outreach (ME&O) plans, as part of their Tier 2 Advice Letter submitting updated budgets. Each IOU's ME&O plan should include separate sections on the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs and discuss specific timelines and methods for customer outreach, including coordination with community-based organizations and community sponsors.
7. Starting with the 2021 Energy Resource Recovery Account (ERRA) Forecast and Greenhouse Gas (GHG) Revenue Forecast filing and every year thereafter, Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric Company (SDG&E) shall include funding for independent evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs as follows: PG&E \$88,000, SCE \$88,000, and SDG&E \$24,000.
8. Pacific Gas and Electric Company, Southern California Edison, and San Diego Gas & Electric Company shall submit Tier 2 Advice Letters with their solicitation documents for their first Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) Request for Offers (RFOs) within 60 days of issuance of this Resolution. Each utility shall issue its first RFO within 60 days of the Commission's approval of its solicitation documents. After the first solicitation, each utility must align future DAC-GT and CSGT solicitations with Green Tariff Shared Renewables (GTSR) solicitations and ensure that such solicitations occur biannually.

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 May 30, 2019; the following Commissioners voting favorably thereon:

/s/ALICE STEBBINS

ALICE STEBBINS  
Executive Director

MICHAEL PICKER  
President

LIANE M. RANDOLPH  
MARTHA GUZMAN ACEVES  
CLIFFORD RECHTSCHAFFEN  
GENEVIEVE SHIROMA  
Commissioners