

Decision 20-01-008 January 16, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Golden State Water Company on behalf of its Bear Valley Electric Service Division (U913E) for Approval of its Proposed Tariff to Compensate Eligible Distributed Generation Customers.

Application 19-03-011

DECISION APPROVING BEAR VALLEY ELECTRIC SERVICE DIVISION'S PROPOSED TARIFF TO COMPENSATE ELIGIBLE DISTRIBUTED GENERATION CUSTOMERS

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**DECISION APPROVING BEAR VALLEY ELECTRIC SERVICE
DIVISION'S PROPOSED TARIFF TO COMPENSATE ELIGIBLE
DISTRIBUTED GENERATION CUSTOMERS**

Summary

This decision approves the Application of Golden State Water Company on behalf of its Bear Valley Electric Service Division (BVES) for a proposed tariff to compensate eligible distributed generation service customers. BVES's primary intent is to encourage continued installation of distributed generation within its utility territory. The tariff is generally accepted as reasonably intended to encourage continued installation of distributed generation, to provide participating customers with adequate rate and consumer protections, and to also provide non-participating ratepayers with adequate rate protections. This decision approves BVES's distributed generation service tariff. This proceeding is closed.

1. Background

**1.1. Bear Valley Electric Service Division's Distributed
Generation History and Summary of its Application
for a Proposed Tariff to Encourage Further
Distributed Generation Implementation**

Golden State Water Company brought this Application on behalf of its Bear Valley Electric Service Division (BVES), for approval of a proposed tariff pursuant to a proposed Distributed Generation Service program (DGS) to compensate eligible DGS customers. BVES is a small electrical utility in the Big Bear Lake recreational area of the San Bernardino Mountains, and provides electrical distribution service to approximately 22,000 residential customers (approximately 40 percent full-time and 60 percent part-time residents). This service area also includes approximately 1,500 commercial, industrial, and public-authority customers. It is connected to the California Independent

System Operator (CAISO) via Southern California Edison Company's (SCE) electric system.¹

In compliance with Pub. Util. Code § 2827 et seq., BVES had implemented a Net Energy Metering (NEM) program, but closed that program to new customers on January 1, 2018, after having exceeded its 5 percent customer penetration cap (in October 2016). Due to its sub-100,000 service connection size, BVES is not required to offer a post-NEM DGS program. Currently, BVES's service territory has 3.39 megawatts (MW) of installed behind-the-meter generation participating in its NEM program.²

BVES's proposed DGS program has a number of elements, which are generally described as follows:

- A. DGS program is open to customers not enrolled in NEM.
- B. Maximum generating capacity of 1,000 kilowatts (kW).
- C. The customer must own and operate the renewable energy source.
- D. Must be on premises owned, leased, or rented by the customer.
- E. Must be intended to primarily offset customer's electrical needs.
- F. Customer compensation for exported energy is BVES's avoided cost of procured energy (based on SCE's Net Surplus Compensation Rate (presently \$0.02931/kilowatt-hour (kWh))).
- G. Possible additional customer compensation is available for customers qualifying for a Renewable Attribute Adder (RRA) if appropriately registered and certified and the customer transfers Renewable Energy Credits to BVES (presently \$0.01664/kWh).

¹ Application at 2.

² Application at 4-6.

- H. Customer compensation with respect to BVES's avoided costs for transmission access charges (presently \$0.01108/kWh).
 - I. Customer compensation with respect to BVES's avoided costs for transmission line losses (presently \$0.001005/kWh).
 - J. An Application for Interconnection and an executed Interconnection Agreement are required -- BVES has provided forms for each.
 - K. If the required two-way electrical meter must be installed (i.e., if BVES has not already installed such), then the customer must allow installation of such (at BVES's expense); however, if the customer requests an upgraded meter, that will be at the customer's expense.
 - L. In all other regards, the power BVES delivers to the customer is charged as presently provided by that customer's tariff: billing is monthly, and no excess generation balance will carry forward.³
- Pursuant to later filing, BVES augmented its Application as follows:
- M. There should be an interconnection fee of \$150 to integrate the DGS system to the BVES distribution grid.
 - N. There should be consumer protections identical to those that apply to the three large investor-owned utilities (IOUs) in California (i.e., Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company).
 - O. There should be a 20-year duration of service for the proposed DGS program (and this should also apply to the existing closed BVES NEM program).

³ Application Appendix A, as corrected and restated in Reply Appendix A.

P. The maximum installed capacity under the DGS program should be limited to 2 MW.⁴

1.2. Procedural Background

On March 15, 2019, BVES filed its Application. The Application asserts that its proposed DGS program “is designed to encourage the growth of renewable distributed generation in [its] service territory.”⁵ The Application was served on the Service List for Rulemaking (R.) 14-07-002, the “Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1 and to Address Other Issues Related to Net Energy Metering Ruling” proceeding.

On April 17, 2019, the Public Advocates Office (Cal Advocates) filed a Protest to the Application. The Protest generally asserted that issues in the proceeding may involve whether BVES’s proposed DGS program administrative costs and cost recovery mechanisms are reasonable; whether BVES’s proposed DGS program compensation rate components are reasonable; and, whether BVES’s proposed DGS program ensures that costs are not shifted to non-participants.⁶ The Protest also stated as follows:

[Cal Advocates] will assess whether costs associated with the Application represent a just and reasonable use of ratepayer funds consistent with the statutory requirement... [and] recommends that evidentiary hearing be scheduled in this proceeding... [Cal Advocates] anticipates evidentiary hearings may be needed to develop the record, beyond its

⁴ BVES Opening Comments, *passim*.

⁵ Application at 1.

⁶ Protest at 3. It is also noted that despite its title, Cal Advocates’ Protest only provided a “preliminary list of issues,” and did not actually voice any specific protest against the application.

use of discovery requests, to resolve any remaining issues of material fact.⁷

On April 25, 2019, a Prehearing Conference (PHC) was held. At the PHC, the assigned Administrative Law Judge (ALJ), the assigned Commissioner, and the parties discussed the proceeding's possible issues of law and fact, possible need for evidentiary hearing, and possible schedule for the remainder of the proceeding. At the PHC, upon oral motion, party status was granted to California Solar and Storage Association (CALSSA).

On April 29, 2019, BVES filed a Reply to Cal Advocates' Protest. This Reply included and attached a correction to an incorrect value found in Application Appendix A regarding avoided line losses.

On June 5, 2019, the assigned Commissioner issued the Scoping Memo for this proceeding. In it, the proceeding's issues were identified. Also, the proceeding's schedule was set forth, including a deadline for a required party settlement conference, and a deadline for filing a motion for evidentiary hearing should any party wish to do so. The schedule required the parties to serve testimony and file briefings. Lastly, the schedule identified that a Public Participation Hearing (PPH) would take place.

On July 16, 2019, a PPH was held in the town of Big Bear Lake in BVES's service territory. Public comment was taken. In addition to the assigned ALJ, a representative of the assigned Commissioner's office was present, and representatives of BVES also attended.

On August 9, 2019, in accordance with the Scoping Memo, BVES filed a Joint Statement of Settled and Disputed Issues on behalf of itself and Cal

⁷ Protest at 3-4.

Advocates. It reads in part as follows: “[N]o issues of material fact have been identified and no disputed issues have been raised to date. Further, BVES has received no discovery requests related to Application 19-03-011 and its proposed DGS program.”⁸

At the August 16, 2019 deadline for such, no party sought evidentiary hearing.

On August 28, 2019, CALSSA moved to withdraw from the proceeding, citing its internal workload. There was no opposition to the motion. The motion was granted.

On August 29, 2019, the ALJ issued a Ruling as to specific questions for the parties to answer in their briefing comments.

On September 16, 2019, BVES filed its Opening Brief, as per the Scoping Memo schedule.

The October 7, 2019 deadline for Reply Briefs passed without any party filings. Therefore, the matter was deemed submitted at that time.

It is noted that Cal Advocates failed to file anything in this proceeding beyond its initial Protest. That Protest offered an outline of an argument, and no facts. Therefore, this proceeding is functionally and factually uncontested.⁹

2. Jurisdiction

This proceeding is within the innate authority conferred upon the Commission in Pub. Util. Code § 451 to ensure that “[a]ll charges demanded or received by any public utility... for any product or commodity furnished or to

⁸ Joint statement at 1.

⁹ Further, while the Scoping Memo directed the parties to engage in a settlement conference, BVES reported that Cal Advocates “notified BVES that they are not interested in participating in settlement discussions and would not attend a settlement conference.” BVES Opening Comments at 2.

be furnished or any service rendered or to be rendered shall be just and reasonable,” and in Pub. Util. Code § 701 stating that “[t]he Commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.”

3. Issues Before the Commission

As set forth in the Scoping Memo, the issues to be determined in this proceeding are as follows:

1. Does the DGS proposal comply with relevant procedural requirements, existing statutory law, and Commission Decisions?
2. Are the DGS proposal’s terms and conditions as stated reasonable and in the public interest?
3. Should the DGS proposal identify a maximum installed capacity or date by which the Commission will review its continuation, and if so, what should that be?
4. Should the DGS proposal include an interconnection fee, and if so, what should that be?
5. Should the DGS proposal include additional consumer protections, and if so, what should they be?
6. Should the Commission adopt a duration of service for participants in the utility’s initial NEM tariff, and if so, what should that be?
7. Should the Commission adopt a duration of service for participants in the DGS proposal, and if so, what should that be?
8. Does the DGS proposal raise any safety concerns?
9. Should the DGS proposal as considered here be approved as reasonable and in the public interest?

3.1. The Application is Sufficiently Compliant with Relevant Procedural Requirements, Statutory Law, and Commission Decisions

BVES's Application is compliant with relevant procedural requirements, statutory law, and Commission decisions. Regarding the Commission's Rules of Practice and Procedure and its requirements for application form and general content, Articles 1 and 2 articulate Rules for application form, format, and general content requirements. The Application fully comports with those requirements.

Regarding statutory law, BVES is correct to point out that it does not need to offer this proposed DGS program, as the statutory law regarding the provision of a successor tariff to the NEM tariff does not apply to electric utilities of its size.¹⁰

Lastly, regarding Commission decisions, BVES cites to a response by the Commission's Energy Division to its Advice Letter in which it is stated that "[t]he large IOUs are currently offering a NEM Successor tariff, and we support [BVES] and other utilities filing application to extend their NEM programs on similar terms."¹¹ BVES's DGS program proposal seeks to comply with this direction provided by the Commission's Energy Division. No Commission decisions directly apply to the proposed DGS program.

3.2. The DGS Program's Proposed Terms and Conditions are Reasonable

BVES's DGS program proposal reasonably satisfies the "terms and conditions" requirement set forth in the Scoping Memo. Other than as addressed in subparts below, there is generally a lack of evidence in the record

¹⁰ Opening Brief at 5-6.

¹¹ Opening Comments at 4-5, citing the Disposition Letter to Advice Letter 325-E.

challenging the reasonableness of many of the proposed terms and conditions within this Application. Without any such evidence to the contrary, the Commission finds many elements of the DGS program to be reasonable.

A. BVES proposes that the program is only open to BVES customers “who are not currently net energy metering under the BVES Net Metering tariffs.”¹² Due to the lack of evidence in the record to the contrary, this is a reasonable basis for enrollment.

B. BVES proposes that the program is only open to renewable energy systems “with a generating capacity not more than 1,000kW [i.e., 1MW].”¹³ This is a reasonable limitation, given that BVES is “already measuring daytime load as low as 10 MW”¹⁴ and the NEM program already has a behind-the-meter generation capacity of 3.39 MW.¹⁵

C. BVES proposes that the “renewable energy technology production source [must be] owned and operated by the customer.”¹⁶ However, in response to an ALJ question, BVES also asserted the following:

The DGS proposal is not intended to limit or preclude customers from seeking to execute a power purchase agreement with BVES. However, any customer enrolled in the DGS program would be precluded from additionally seeking to sell DG generation via a power purchase agreement, as the DG generation would already be procured by and paid for by BVES under the DGS program.¹⁷

¹² Application Appendix A.

¹³ *Ibid.*

¹⁴ BVES Opening Comments at 9.

¹⁵ Application at 6.

¹⁶ Application Appendix A.

¹⁷ BVES Opening Comments at 13-14.

Because any customer enrolled in the DGS program would be bound to sell its excess generation to BVES, it follows that the customer cannot separately contract to sell its power to another user. Therefore, because BVES makes it clear that a BVES customer can enter into a power purchase agreement with BVES, this necessarily confirms that a customer does not need to actually own and operate its renewable energy production source, and so the customer may lease or arrange through a power purchase agreement for a third-party to own and operate the production source. This clarification to the BVES proposal is adopted as a reasonable revision to the BVES DGS program proposal.

- D. BVES proposes that the renewable energy system must be “located on the DGS [customer’s] owned, leased, or rented premises.”¹⁸ Due to the lack of evidence in the record to the contrary, this is a reasonable basis for enrollment.
- E. BVES proposes that the renewably generated production must be “intended to primarily offset part of the DGS [customer’s] electrical requirements.”¹⁹ Due to the lack of evidence to the contrary, this is a reasonable basis for enrollment.
- F. BVES proposes that DGS customers exporting energy receive compensation for BVES’s avoided cost of procuring energy, which would be based on SCE’s Net Surplus Compensation Rate (NSCR). This is the prior year’s 12-month average, posted on SCE’s website and updated monthly, and to be reviewed and revised each April 30. In 2018, SCE’s

¹⁸ Application Appendix A.

¹⁹ *Ibid.*

NSCR was \$0.02931/kWh. As BVES states in greater detail, this use of SCE's NSCR is a sound proxy for BVES to use in these circumstances because BVES participates in the CAISO Day-Ahead Market and the power BVES would receive from DGS customers will allow BVES to avoid those CAISO Day-Ahead purchases. For this reason, BVES contends that the NSCR price, which reflects the costs SCE avoids in procuring power during the time DGS customers are likely to produce excess power, is tantamount to BVES's avoided energy costs.²⁰ This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.

G. BVES proposes that DGS customers exporting energy may receive additional compensation by qualifying for a RAA. To do so, they would have to qualify as follows: (1) Register their facility in the Western Renewable Energy Generation Information System; (2) Obtain Renewable Portfolio Standard certification from the California Energy Commission for the facility and provide proof of that certificate to BVES; and (3) Allow the ownership of the Renewable Energy Credits associated with the exported energy to be transferred to BVES. The RAA is calculated using the published Western Electricity Coordinating Council average renewable premium, which for past two years has been set at \$0.001664/kWh.²¹ This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.

²⁰ *Ibid.*

²¹ *Ibid.*

- H. BVES proposes that DGS customers exporting energy receive compensation for BVES's avoided transmission access charge. This would be based on BVES's avoided CAISO charges for power delivered at the SCE-DLAP (Default Load Aggregating Point), based upon the annual April calculation of the volumetric portion of the avoided CAISO charges. For the past year, this amount was \$0.01108/kWh.²² This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.
- I. BVES proposes that DGS customers exporting energy receive compensation for BVES's avoided transmission and distribution line loss factor. As corrected and restated in BVES Reply Appendix A, this would be based on BVES's calculated line loss factor of 3.43 percent for the avoided transmission and distribution of energy that is avoided due to the DGS customer's export of locally-generated energy. While BVES would evaluate this calculation annually in April, for the past year, this amount was \$0.001005/kWh.²³ This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.
- J. BVES proposes that the DGS customers agree to provide a required Application for Interconnection and an executed Interconnection Agreement. BVES provides forms for each.²⁴ This logic is applicable, the

²² *Ibid.*

²³ *Ibid.*, and as corrected and restated in Reply Appendix A.

²⁴ Application Appendices B and C.

forms appear to be appropriate, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.

- K. BVES proposes that DGS customers require an electrical meter that can monitor the flow of electricity in both directions (i.e., both imported by the customer from BVES and exported by the customer to BVES), and that if such a meter must be installed (i.e., if BVES has not already installed such), then the customer's consent for such an installation cannot be unreasonably withheld by the customer. However, if the customer requests an upgraded meter, that would be at the customer's expense.²⁵ This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.
- L. BVES proposes that it measure kWh of energy delivered to and exported from the customer on an hourly basis, with exports credited against delivered energy, bill monthly in the otherwise-typical manner, and with no carrying forward of credited exported energy. In all other regards, the power BVES delivers to the customer is charged as presently provided by that customer's tariff: billing is monthly, and no excess generation balance will carry forward.²⁶ This logic is applicable, there is nothing in the record to indicate that this is not appropriate, and therefore this is reasonable.

²⁵ Application Appendix A.

²⁶ *Ibid.*

3.3. The DGS Program Should Have a Maximum Installed Capacity

BVES's DGS program proposal did not identify a maximum installed capacity for distributed generation -- i.e., there may need to be a limit to the maximum amount of distributed generation that can be installed in its service territory, for concern over grid stability, equipment safety, and significant equipment upgrades. BVES's Opening Comments addressed the ALJ's questions on this subject by explaining its operational limitations, stating that it is "already measuring daytime load as low as 10 MW." Therefore, BVES proposed capping its DGS program to "help ensure that BVES is not required to export energy onto the CAISO system through SCE's distribution system... [and to] help BVES compensate for the seasonal variation of load to most efficiently operate its grid."²⁷

BVES proposed a 2 MW cap on its proposed DGS program. This would mean that the program would close when the maximum installed capacity under this program would exceed 2 MW. This 2 MW maximum installed DGS capacity is reasonable as both in the interests of distributed generation and in the interests of the most efficient operation of the BVES grid.²⁸

3.4. The DGS Program Should Have an Interconnection Fee

BVES's Opening Comments clearly addressed its position regarding an interconnection fee:

An interconnection fee is appropriate. As described in D.16-10-044... "NEM successor tariff customers should pay

²⁷ Opening Comments at 9.

²⁸ For clarity, as noted earlier, BVES already has 3.39 MW of installed NEM capacity, and therefore the proposed 2 MW cap for the DGS program is in addition to the installed NEM capacity.

for [an interconnection fee]. This modest one-time additional fee for NEM successor tariff customers with systems smaller than 1 MW should not have a noticeable impact on the economics of installing a DG system, but will allow the utility to recover the costs of providing the interconnection service from the customer benefitting from the interconnection.” [D.16-10-044 at 87.] For this reason, and to ensure that DGS customers pay for services provided by BVES and hold other non-participating customers indifferent, BVES recommends that an interconnection fee of \$150.00 be utilized. The \$150.00 fee is appropriate because it covers the cost of the new DG meter, setup, and installation.²⁹

As BVES’s position holds together in itself and seems facially reasonable, and because there are no facts in the record to argue against its reasonableness, BVES’s interconnection fee of \$150.00 is approved.

3.5. The DGS Program Should Include Additional Consumer Protections

BVES’s DGS program proposal did not expressly provide for consumer protections in addition to those read into its proposed “Application For The Interconnection...” and the proposed “Interconnection Agreement...” which were respectively attached to the Application as Appendices B and C.

However, in its Opening Comments in response to ALJ questions on this subject, BVES wrote as follows:

Although D.18-09-044 applies solely to the Large IOUs and not to BVES, BVES believes that it is appropriate to incorporate requirements to verify that customers have received and read the Solar Energy System Disclosure Document and the California Solar Consumer Protection Guide into its DGS proposal. As described in D.18-09-044:

²⁹ Opening Statement at 9.

“Since these smaller electric utilities may not be offering a NEM program, we do not find it necessary to include them in this requirement. However, we encourage BVES... to enact similar requirements in their interconnection portals if they are offering NEM.” [D.18-09-044 at 3.] Given that the DGS program will effectively serve as a NEM successor program, and to enhance customer protection and ensure customers are adequately informed prior to electing to move forward with installing a DG facility, the DGS program should incorporate requirements to verify that customers have received and read the Solar Energy System Disclosure Document and the California Solar Consumer Protection Guide.³⁰

The Solar Energy System Disclosure Document³¹ and the California Solar Consumer Protection Guide³² are important consumer protections for those considering obtaining solar power. It is appropriate, reasonable, and beneficial for these documents to be required for affirmative disclosure to prospective BVES DGS program customers. Therefore, BVES must ensure that prospective program customers receive and acknowledge receipt of the Solar Energy System Disclosure Document and the California Solar Consumer Protection Guide as consumer protections.

3.6. BVES’s NEM Program Tariff Should Have a Duration of Service

BVES’s now-closed NEM program is authorized by a tariff that did not contain any limit on its duration of service. That is to say, as presently empowered, those customers participating in BVES’s NEM program may unendingly remain on that tariff. While BVES’s Application did not expressly

³⁰ *Id.* at 10.

³¹ Found at https://www.cslb.ca.gov/contractors/Solar_Requirements.aspx.

³² Found at <https://www.cpuc.ca.gov/solarguide/>.

address that NEM duration of service issue, BVES did address that issue in its Opening Comments in response to ALJ questions on this subject. BVES wrote as follows:

BVES believes that a 20-year duration of service should be applied to its existing NEM program. This approach is consistent with Commission precedent, which established a 20-year duration of service for the Large IOU NEM programs. As described by the Commission: "...it is reasonable to adopt a transition period that is based on a conservative estimate of the equipment's expected life, and that ensures reasonable payback that includes some return on the customer's initial investment. [¶] For this reason, we adopt a transition period of 20 years for customers enrolling in NEM tariffs before the implementation of the successor tariff." [D.14-03-041 at 20.] BVES does not see any reason to deviate from the 20-year duration of service established by the Commission, nor any reason why a different estimate of DG life or payback period should be adopted.³³

The Commission seeks to be consistent where possible. BVES is now requesting that its NEM program tariff be limited to a 20-year duration. Here, having established a 20-year duration of service period from the date of interconnection³⁴ for large IOU NEM programs, it would be consistent and reasonable for the Commission to adopt a 20-year duration of service period, beginning on the date of interconnection, for BVES's customers participating in its existing NEM program.

³³ Opening Brief at 11.

³⁴ D.14-04-013 identifies the date of interconnection as the date the customer receives "permission to operate" from the utility.

3.7. The DGS Program Should Have a Duration of Service

BVES's DGS program proposal did not expressly provide for a duration of the service. However, in its Opening Comments in response to ALJ questions on this subject, BVES wrote as follows:

A 20-year duration of service was applied to the Large IOU NEM successor programs and should similarly apply to BVES's DGS program. As described by the Commission in implementing the 20-year duration: "The Commission recently decided, in D.14-03-041 (implementing the requirements of [Public Utility Code] Section 2827.1(b)(6)), that 20 years from the customer's interconnection under the existing NEM tariff was a reasonable period over which a customer taking service under the existing NEM tariff should be eligible to continue taking service under that tariff. This decision should be applied to customers under the NEM successor tariff as well, to allow customers to have a uniform and reliable expectation of stability of the NEM structure under which they decided to invest in their customer- sited renewable DG systems." [D.16-01-044 at 100.] As described above, a 20-year period is based on a conservative estimate of DG facility lifetime and will ensure a reasonable payback and return on investment for the customer. If, at any time in the future, the Commission determines that a 20-year payback period is no longer reasonable based on current economics or other factors, BVES recommends that the 20-year duration of service period under the DGS program should similarly be adjusted for any new customers enrolling in the DGS program after the Commission's determination (e.g., via the effective date of a decision).³⁵

As previously noted, the Commission seeks to be consistent where possible. Here, having established a 20-year duration of service period for large IOU NEM successor programs, it would be consistent and reasonable for

³⁵ Opening Brief at 12-13.

the Commission to adopt a 20-year duration of service period from the date of interconnection for BVES's customers participating in this proposed DGS program, which is BVES's NEM successor program.

3.8. The DGS Program does not Raise Any Safety Concerns

The Commission holds safety as a paramount concern. Here, BVES's proposed DGS program is examined for possible safety concern. We conclude the record contains no indication of identifiable safety concerns.

Regarding safety, BVES states as follows:

BVES does not anticipate any significant safety concerns will arise from the DGS proposal apart from traditional safety issues related to DG generation and interconnection. To help mitigate these safety concerns, the DGS proposal could incorporate safety requirements utilized by the Large IOUs in their NEM successor programs. These safety requirements are described in D.16-01-044: "The IOUs should require that the applicant for interconnection provide verification, as part of any interconnection request, that all major solar system components are on the verified equipment list maintained by the CEC [California Energy Commission]. Other equipment, as determined by the utility, should be verified as having safety certification from a NRTL []. The interconnection request should also verify that a warranty of at least 10 years has been provided on all equipment and its installation. In appropriate circumstances conforming to industry practice, the interconnection request may rely on manufacturers' warranties for equipment and separate contractors' warranties for workmanship (i.e., installation)." [D.16-01-044 at 101.] Including these safety requirements into the DGS proposal will further enhance safety and reduce risks for BVES customers.³⁶

³⁶ *Id.* at 13-14.

Based upon the Commission's prior decision requirements regarding distributed generation safety, and BVES's proposal to comply with those requirements, those requirements are adopted here as reasonable. To ensure adequate safety, BVES's DGS program must require that the applicant for interconnection provide verification that all major solar system components are on the verified equipment list maintained by the CEC; that other equipment as determined by BVES is verified as having a safety certification from a Nationally Recognized Testing Laboratory (NRTL); and that the installation and the equipment in the installation are verified to have warranties enforceable for a minimum of 10 years (and that in conformity with industry practice, these warranties may rely upon installer warranties for workmanship and manufacturers' warranties for equipment).

3.9. The DGS Program as Considered Here is Reasonable and in the Public Interest

BVES's Application presented a DGS program proposal, and BVES offered additional elements to that proposal in its Opening Comments. Taken together, the proposal must be reasonable and in the public interest.

BVES states that its DGS proposal is designed to encourage continued BVES customer installation of distributed generation and to ensure that non-participating BVES customers are not prejudiced. There is no evidence in the record indicating that the proposal will prejudice non-participating ratepayers. The BVES DGS program proposal, inclusive of those determinations reached in this decision, is therefore deemed reasonable and in the public interest.

4. Conclusion

For reasons stated above, BVES's proposed DGS program, as presented in its application and with such additional agreements as BVES presented in its Opening Comments and as determined here, is approved. Therefore, BVES's

proposed DGS tariff should take effect by May 1, 2020. Nothing in this decision precludes the Commission from taking further action regarding other post-NEM applications or rulemakings, and is solely applicable to BVES in its existing service territory.

Unless expressly granted in this proceeding or in this decision, all heretofore unaddressed motions are denied.

5. Comments on Proposed Decision

The proposed decision of ALJ Jungreis in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On January 2, 2020, comments were filed by BVES, and were supportive of the entirety of the proposed decision and encouraged Commission approval of the proposed decision. No reply comments were filed.

6. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Jason Jungreis is the assigned ALJ in this proceeding.

Findings of Fact

1. BVES is a small electrical utility providing electrical distribution service to approximately 22,000 residential customers (approximately 40 percent full-time and 60 percent part-time), and approximately 1500 commercial, industrial, and public-authority customers.
2. BVES had implemented a NEM program, but closed that program as it had exceeded its 5 percent customer penetration cap: that NEM program has 3.39 MW of installed capacity.
3. BVES is not required to offer a post-NEM DGS program.

4. BVES asserts that its proposed DGS program is designed to encourage the growth of renewable distributed generation.

5. BVES asserts that its proposed DGS program is designed to ensure non-participating customers are not prejudiced.

6. BVES's proposal that the DGS program is only open to BVES customers who are not currently NEM customers under the BVES Net Metering tariffs is reasonable.

7. BVES's proposal that the DGS program limit renewable energy systems to a generating capacity of not more than 1,000 kW is reasonable.

8. It is reasonable to allow a customer to lease or arrange through a power purchase agreement for a third-party to own and operate the production source, as long as all exported energy is sold to BVES.

9. BVES's proposal that the DGS program require that the renewable energy system be located on the customer's owned, leased, or rented premises is reasonable.

10. BVES's proposal that the DGS program is intended for customers to primarily offset part of their electrical requirements is reasonable.

11. BVES's proposal that the DGS program's compensation rate for customers exporting energy to BVES is derived from three sources: (A) BVES's avoided cost of procuring energy (presently \$0.02931/kWh); (B) BVES's avoided transmission access charge (presently \$0.01108/kWh); and (C) BVES's avoided transmission and distribution line loss factors (presently \$0.001005/kWh). Customers can receive additional compensation by qualifying for a RRA (presently \$0.01664/kWh). This compensation is reasonable.

12. BVES's proposal that the DGS program require customers or their system installers to apply for interconnection and execute an interconnection agreement is reasonable.

13. BVES's proposal that the DGS program require customers to have an electrical meter that can monitor the flow of electricity both imported and exported is reasonable.

14. BVES's proposal that the DGS program would measure kWh of energy delivered to and exported from the customer on an hourly basis, with exports credited against delivered energy, billed monthly in the otherwise-typical manner, and with no carrying forward of credited exported energy beyond the monthly billing, is reasonable.

15. BVES's proposal that the DGS program would close upon the installation of 2 MW of renewable energy generation is reasonable.

16. BVES's proposal that the DGS program would require an interconnection fee of \$150.00 is reasonable.

17. BVES's proposal that the DGS program would require prospective program customers to receive and acknowledge receipt of the Solar Energy System Disclosure Document and the California Solar Consumer Protection Guide as consumer protections is reasonable.

18. BVES's proposal that the DGS program would have a 20-year duration of service period for participating customers is reasonable.

19. BVES's proposed DGS program does not raise any safety concerns.

20. BVES's proposed DGS program is reasonable and in the public interest.

21. BVES's proposal that its existing NEM program tariff should have a 20-year duration of service period for customers participating in that NEM

program, with the duration period to take effect beginning on the date of interconnection, is reasonable.

Conclusions of Law

1. BVES complied with Pub. Util. Code § 2827 et. seq. in implementing its NEM program.

2. BVES is not statutorily required to offer a DGS program.

3. BVES appropriately served its Application on the Service List for Rulemaking (R.)14-07-002, the “Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1 and to Address Other Issues Related to Net Energy Metering” proceeding.

4. This proceeding is functionally and factually uncontested.

5. This proceeding is within the authority conferred upon the Commission in Pub. Util. Code §§ 451 and 701.

6. The Application complies with relevant procedural requirements, statutory law, and Commission decisions.

7. BVES’s proposed DGS program is just and reasonable in accordance with Pub. Util. Code §§ 451 and 701.

8. BVES may apply to make changes to its NEM tariff at any time.

9. Nothing in this decision precludes the Commission from taking further action regarding other post-NEM applications or rulemakings, and is solely applicable to BVES in its existing service territory.

10. Unless expressly granted in this proceeding or in this decision, all heretofore unaddressed motions are denied.

O R D E R

IT IS ORDERED that:

1. Golden State Water Company on behalf of its Bear Valley Electric Service Division shall implement its Distributed Generation Service program as it has proposed in this proceeding, subject to modifications made in the ordering paragraphs of this decision.

2. The first advice letter from Golden State Water Company on behalf of its Bear Valley Electric Service Division setting the value of the net billing export credit shall be filed as a Tier 1 Advice Letter with the Commission's Energy Division within 60 days of this decision. Thereafter, Golden State Water Company on behalf of its Bear Valley Electric Service Division shall file a Tier 1 Advice Letter with an annual net billing export credit update on May 1 of each year.

3. Golden State Water Company on behalf of its Bear Valley Electric Service Division's Distributed Generation Service program tariff must enable eligibility for customers who purchase the output of the renewable electricity generation facility, including through a third-party power purchase agreement, provided all other program requirements are met.

4. Golden State Water Company on behalf of its Bear Valley Electric Service Division legacy Net Energy Metering (NEM) program tariff shall have a 20-year duration of service period from the date of interconnection for its customers participating in the NEM program.

5. Golden State Water Company on behalf of its Bear Valley Electric Service Division shall open its Distributed Generation Service program tariff to its customers by May 1, 2020.

6. Application 19-03-011 is closed.

This order is effective today.

Dated January 16, 2020, at San Francisco, California.

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners